Exhibit F

REVENUE ASSURANCE PROJECT LIST

PROJECT	DESCRIPTION	STATUS
Resale Reconciliation Look at this	Reconciliation of resale lines between NS and the LEC. Create automated process so reconciliation can automatically be performed each month.	Texas is complete and results have been handed over to bill production group to be worked. Working on MO. Ameritech and Bell South markets are on hold pending receipt of necessary data from LEC.
Daily Reject Mou's Report	Create report to identify number of calls and minutes rejected by reject type, broken down by local, lata, and ld.	In progress. Training issue involved as we need to gain an understanding of the various reject types within mediation. We also need to figure out how to interpret the data to get the necessary breakdowns.
Local, Lata and LD Billed Mou's Report	Create report to identify by bill cycle, the number of minutes billed by call type.	In progress. Report format is almost complete, however report will not be able to be produced until AS is able to resolve all of their data integrity issues.
Automation of Bill Verification Process	Creating system to automate the validation of AS billing to the marketing price catalog. Goal is to increase sample size reviewed, improve invoice turnaround time and improve invoice accuracy.	In progress. MRC portion is about 75% complete. Need to begin working on usage portion which will take a tremendous amount of effort.
GL Code Conversion	Auditing of the GL codes assigned to each product within NS to ensure the integrity of our revenue reporting.	Conversion process was run on 2/14/01 by AS, however we have identified numerous products that were not converted. AS is in process of investigating.
Daily usage file reconciliation	Reconciliation on a daily basis of usage files sent to AS by mediation versus usage files received and processed by AS.	Ongoing daily process. In process of making process more automated.

ADD BROADWIND TO / INTERTECH

ATLT-0174 Tom Lord #165

PROJECT	DESCRIPTION	STATUS
Validation of Marketing Price Changes	Tracking of marketing flashes sent out and verification of the changes in billing.	Ongoing process.
Missing EUCL Report	Ad-hoc report identifying lines in billing that are not being billed a EUCL charge at all as well as accounts with multiple lines being billed the single line EUCL rate instead of the multi-line EUCL rate.	Ongoing process.
CA Minimum Usage Feature	Ad-hoc report identifying lines in CA that are on a minimum usage requirement rate plan but are missing the minimum usage billing feature from their service.	Ongoing process.
Single.view Implementation	Participating in design review meetings to document processes.	Ongoing.
Disconnect Report for Billing MACD Team	Creating a report that will provide a list of resale lines that have been disconnected per the SWB CD Rom for billing to use to validate against in-house systems.	In progress. Report will be generated monthly.
Development of end to end revenue assurance process with AS	This project is to address issues such as cycle balancing, end to end usage reconciliation, data integrity, bill cycle processing, etc...	In progress.

Exhibit G

Parella, Tony

From: Crowne, Dana
Sent: Monday, March 26, 2001 7:51 PM
To: Parella, Tony
Subject: FW: LD Vendor and Billing System Provisioning Processes

EXHIBIT
45
Naramore
PENGAD 800-631-6989

-----Original Message-----
From: **Crowne, Dana**
Sent: Friday, March 16, 2001 11:29 AM
To: Naramore, Tim; Baird, Jon; Johnson, Charlie; Gfeller, Marc; Lynn, Bryan; Doupe, Jeremy; Smith, Terri; Grimes, Connie; Crane, Denise
Subject: LD Vendor and Billing System Provisioning Processes

While I was on vacation Denise left me a voice mail asking some questions regarding systems development in support of multiple LD vendors and Saville deployment. I agree with her assessment that there needs to be a dialog, and I thought I'd jump in with a few of my observations. First, let me say that one of Denise's comments concerns me quite a bit: "COE doesn't currently operate at a line level". I'm not positive I understand all of the ramifications of this statement, but I suspect this may represent a fundamental limitation on our ability to track line and order status, but I'll come back to that in a bit. First let me verify a couple of high-level assumptions:

First, it seems we have two new associations: We will have to track which billing system an entity is located in and we will have to track which LD vendor he has been assigned to.

Second, I assume that we will want to be able to change the assigned billing system without reprovisioning the customer in TBS. I know that we will want to move from one LD vendor to another without reprovisioning the customer in TBS. I doubt that TBS's current data model has elements for tracking the required associations anyway, so I gather we are going to develop something external to TBS to own this data.

Finally, whatever we do must support flow-through provisioning so whatever we develop must be bonded to the TBS work-flow engine. But since billing system selection and LD vendor selection are not really order entry functions, this looks more like a TBS gateway development than a COE development. As Denise put it: "out of the back of TBS"—or was that "backside", I can't remember.

If these assumptions are correct, then I think it's safe to say we are on the same sheet of music from an architectural perspective. There are a couple of additional requirements I would like everyone to keep in mind while getting this together. First, although we are currently focused on Saville deployment we need to establish the systems in such a way to support multiple billing systems long term. Clay has asked for a mediation enhancement which would pull out internal calls into an SG&A allocation tool, and stop them from moving downstream into the zero-rate error bucket at Intertech. This internal allocation tool will essentially be a fourth billing platform tied to mediation and, along with Saville, the third one requiring a TN-to-billing system association. As we acquire other companies we will need the capability to support many more billing systems from the same network platform during systems consolidation.

In the area of LD vendor provisioning, we have another wrinkle I want everyone to be aware of: it is our intention to move 800 resporg activities in-house. We have been paying IXC to do this for us, but obviously they don't support other vendors or NSA-800 provisioning which are critical to our long term cost-management options. This activity involves sending LATA-by-LATA provisioning data to the national 8YY-SMS. It is absolutely imperative that we keep an accurate record of what we send to the national SMS, and I was unable to find any vendor with an off-the shelf SOA/shadow database which we could tie to TBS. This, along with other LD vendor provisioning data like CIC assignment (not to be confused with PIC assignment) and calling card activation, needs to accessible for various reporting functions and needs to be administered by folks who are not necessarily TBS users (once again, think about transitions during acquisition). Call it a "gateway" or call it a "provisioning data mediation process", I feel very strongly that it needs to be something we can easily adapt to changing environments.

In her voice mail, Denise raised some concerns regarding PIC care and our LD vendors. I need to learn more about this. I have been working under the assumption that regardless of what vendor we use Allegiance is the carrier of record, and that PIC care is between Allegiance and the carrier who looses the customer to us or the carrier who wins away from us. In my mind, it should not matter what up-stream wholesale network we use—the PIC care process should be the same. This is one reason why we created the Allegiance pseudo-CIC for use in TBS—so that we could differentiate between our

TP 0000566

PIC'd customers and IXC's PIC'd customers without the ambiguity associated with the fact that we are using their CIC for provisioning the network. If we have some PIC care transaction with IXC associated with new ALGX customer activation, I need to know why. This could have a serious impact on our ability to manage costs and consolidate networks.

As I indicated in the first paragraph we seem to have another problem, however. In as much as both LD provisioning data and billing system routing data is driven at the TN level we must have access to solid information regarding the status of a TN. I have been working under the assumption that all TN's roll up into one PSR or another and that a PSR is the least common denominator data element of active status. However, I subsequently learned that we regularly have multiple LSR's assigned to the same PSR resulting in multiple in-service dates for one order. Since this represents a fundamental flaw in transaction processing, I assumed that some system other than TBS was being used to map the associations from TN to active status---presumably COE. But with Denise's comment regarding the current inability of COE to track line-level detail, I am left with the famous thermos question: "How do it know?" (It keeps the hot things hot and the cold things cold).

Since our efforts to establish TN status from actual usage seems to have failed (due to DID's, multi-line hunt groups, ambiguities arising from broken aging processes, and other concerns) I asked Marc to consider a mediation process which looks forward into the billing system before making a routing decision. In this scenario, the mediation system would first query Saville to see if it has knowledge of a particular TN if so, it would route the data to Saville if not it would query Intertech. Then if Intertech knows the number's status then it would get the record, else it falls into unallocated toll. This solves the status ambiguity problem (as Saville gets populated it automatically traps the volumes) but it may result in customers getting multiple bills if all the customer's TN's are not moved over at the same time (or other split-billing problems like lost volumes).

So I open it up to this august group. What have I missed?

TP 0000664

EXHIBIT 2

Paragon Audit & Consulting, Inc.

JOSEPH A. FANCIULLI
jfanciulli@paragonrmg.com

QUALIFICATIONS

Highly motivated self-starter and results-oriented executive with more than 34 years of public and private sector experience in increasingly responsible line, supervisory, managerial, executive and individual contributor law enforcement, corporate security and audit assignments. Expert Level skills in risk analysis and Risk Based Integrated Auditing. Highly developed skills in organizing, planning, written and verbal communications, project leadership and change management.

EDUCATION

1990	University of Phoenix, Aurora, Colorado Master of Business Administration
1969	La Salle University, Philadelphia, Pa. Bachelor of Arts, English/Education

WORK EXPERIENCE:

Paragon Audit & Consulting, Inc.

President & Founder **January, 2003 to Present**

- Direct and manage professional staff in the execution of financial and operational audit, regulatory and legal compliance, internal and external fraud investigation, and contractor efficiency and effectiveness assessments.
- Responsible for planning, execution and reporting on all phases of audit and consulting engagements: Compliance with law and regulation, Assessment and improvement of control environments, Assessment of contractor work product and services performance, Design and implementation of business processes and controls.

AT&T Broadband - ENGLEWOOD, COLORADO

Audit Director – Compliance and Regulatory **June, 2000 to December, 2002**

- Direct audits of AT&T Broadband Corporate and Affiliated entities related to compliance with Law, Governmental Regulations, Corporate Policy and fraud detectionin Corporate and Affiliated entities.
- Direct the Business Integrity function including development and implementation of corporate policy, administration of the company Hotline and business integrity and ethics assessments.
- Worked with Law Department and key business unit leaders to assess legal compliance risks and implement audit plan. Developed and coached audit team to upgrade skills and developed relationships with business units to foster success in accomplishing audit scope, mitigating risk and adding value to business. Worked with business unit leadership to develop business controls and processes to assure compliance with Law, Regulation and Corporate Policy.

MediaOne Group, Inc. - ENGLEWOOD, COLORADO

Audit Director – Compliance and Regulatory **February, 1998 to June, 2000**

- Direct audits of MediaOne Domestic and International Corporate and Affiliated entities related to compliance with Law, Governmental Regulations, Corporate Policy and fraud detection.
- Worked with business unit leadership to develop business controls and processes to assure compliance with Law, Regulation and Corporate Policy with specific concentration on FCPA, and other federal and host country regulations covering cable TV, HSD and digital telephony, wireless telephony and wire line telephony businesses.

U S WEST, Inc. - ENGLEWOOD, COLORADO

Audit Manager – Compliance and Regulatory **August, 1994 to February, 1998**

- Developed and implemented Attorney-Client Privileged Compliance Audit Process using Risked Based Audit principles through close working relationship with the USW Law Department.

- Led and participated in cross-functional audit teams conducting compliance, security, Business Continuity/Disaster Recovery, financial audits and business control assessments across U S WEST domestic and international Corporate and Affiliated entities.
- Providing security planning and operational consultation to USW International - Russian Telecommunications Development Corporation.

U S WEST COMMUNICATIONS - DENVER, COLORADO
Security Manager – Physical Security **August, 1993 to August, 1994**

- Developed corporate policy, compliance programs and processes in the areas of security risk to people, physical and financial assets.
- Led and participated in entity cross functional teams which developed policy and compliance plans consistent with federal and state laws and regulations (examples: Physical Security and Physical Access Control standards, Pre-Placement Verification, Managing Threats and Violence in the Workplace, Off Duty Misconduct,).
- Developed and implemented company-wide physical security risk assessment processes in partnership with Business Resources, Inc., Mass Markets, Service Assurance and unregulated entities to mitigate physical asset loss.

Corporate Asset Protection Specialist – Risk Management **March, 1992 to August, 1993**

- Developed corporate policy, standards, programs and training in the area of security risk to people, physical and financial assets.
- Developed corporate wide Contract Guard Service and Access Control System requirements, managed contract selection process and administrated contracts with these and other security related contractors and consultants.
- Completed training in the Quality Improvement Process to include the Facilitator level.
- Led and participated in cross-functional teams to develop policy and standards consistent with federal and state laws and regulations (examples: Federal Sentencing Guidelines Compliance Team, Expanded Interconnection Technical Team).
- Provided analysis and security impact of federal and state laws and regulations for the U S WEST Law Department.

Manager-Security Operations, Co/Wy – Risk Management **June, 1990 to March, 1992**

- Managed, trained and coached occupational staff. Provided regional investigative training and consulting to USWC and other subsidiary personnel.
- Successfully completed over 200 security investigations involving employee improprieties, financial loss, contract and vendor fraud, privacy, computer, information asset, worker's compensation and claims matters. These investigations resulted in the recovery of over $100,000 in physical assets and the prevention of future asset loss and identification of lost and additional revenue sources.
- Selected and served as a staff instructor on investigative techniques for the Security Personnel Basic Training School, Bellcore TEC-East, Morristown, NJ. from 1991 through 1995.

LAKEWOOD POLICE DEPARTMENT - LAKEWOOD, COLORADO
Sergeant, Detective & Police Agent **July, 1970 to June, 1990**

- Twenty years experience managing the operations of investigative functions and personnel. Maintained a high profile, pro-active approach to economic crime prevention and investigation through cooperative partnering with the business community.
- Experienced in the management of multi-level, multi-jurisdictional investigative teams, as well as federal, state and county grand jury investigations concerning Medicaid and Welfare Fraud, political corruption and financial crime. Losses and recoveries associated with these cases ranged as high as $65 million.
- Developed computerized case management, intake and financial tracking programs for use in streamlining the investigative process.
- Developed and provided processes and training for law enforcement, business and citizen groups on crime analysis and trending techniques, including Problem Oriented Policing and Neighborhood Watch to

recognize and prevent fraud and other property losses related to criminal activity.

CERTIFICATIONS

- Certified Fraud Examiner by the Association of Certified Fraud Examiners.
- Certified Protection Professional by the American Society for Industrial Security.
- Certified General Instructor by the Colorado Board of Peace Officer Standards and Training to instruct in police academies on the investigation of White Collar Crime and Forensic Sciences.
- Qualified as an expert witness in federal and state courts in the fields of Economic Crime Investigation and the Examination of Questioned Documents.

PROFESSIONAL AFFILIATIONS

- Association of Certified Fraud Examiners, member
- American Society for Industrial Security, member
- Institute of Internal Auditors, member
- International Association for Identification, Life Member, past regional vice-president and questioned document and innovative techniques sub-committee member
- International Association of Credit Card Investigators, two term chapter president and member of the international board of directors

ADDITIONAL

- Master Sergeant (E-8), U S Army Reserve (Retired with 30 years service), MOS 95B40H - Military Police Supervisor and Certified Master Instructor. During previous active assignment, held Top Secret Security Clearance.
- Frequent lecturer for university and college, professional associations and business groups on subjects concerning audit, security, economic crime and forensic sciences.
- Published numerous articles in professional journals on the subjects of criminal investigation and forensic sciences. Co-author, with Orvel Trainer and Robert N. Miller, DEATH ROADS, The Story of the Donut Shop Murders, Pruett Publishing, 1979.

EXHIBIT 3

Paragon Audit and Consulting, Inc.

REBECCA S. HANNAWAY

SUMMARY

Experienced technical leader with a comprehensive background in legal compliance, new technologies, process improvement and quality analysis. Strong manager skilled in both formal and informal leadership with extensive experience in the implementation of supply chain management and customer relationship business solutions.

PROFESSIONAL EXPERIENCE

PARAGON RISK MANAGEMENT GROUP, Denver, Colorado
Director of Systems and Operations (2003 – current)

- Manages all aspects of IT operations, including system development, testing, training and all related network technologies supporting 200 clients and 25 remote users.
- Responsible for the management of Paragon Recovery Services, a business unit that negotiates claims, collection and related expenses for loss of use for damages to client networks, properties or facilities.
- Investigates allegations of fraud, formulates compliance plans and implements consistent processes and controls.
- Ensures effective and efficient utilization of resources by comparing actual performance to established metrics.

COMCAST, Denver, Colorado
TECHNICAL NETWORK OPERATIONS ORGANIZATION
Director Legal Demands (2002 – 2004)

- Served as subject matter expert on regulatory, technical and vendor teams to address Voice over Internet Protocol (VOIP) and network intercept deployments. Designed tracking systems to secure customer/network communications.
- Responsible for managing Communications Assistance for Law Enforcement Act (CALEA) and interception requests involving Comcast telephone, video and Internet subscribers. Deployed centralized assistance process across all Comcast markets to address E911 and law enforcement emergencies.
- Provided investigative service to Comcast Law Department on critical incidents and matters involving litigation.
- Managed Internet Abuse and Acceptable Use Policy (AUP) processes for Comcast high speed data services.
- Handled computer forensic investigations for all PC and server based security incidents.

AT&T BROADBAND, Denver, Colorado
RISK MANAGEMENT
Director Security/Legal Demands (1998 – 2002)

- Responsible for ensuring AT&T Broadband's strategic response to security issues emerging from new service offerings, including compliance with federal, state and local legislation. Oversight included new product reviews for High-Speed Data (HSD) offerings, Interactive TV, VOIP and Digital Telephony Services.
- Created national center to manage support for HSD abuse, network intrusions and wireless infractions.
- Reduced operating costs and improved performance metrics by 45% in 2001-2002. Managed a team of twenty-two employees with an annual budget of $2.3 - 3.5M.
- Partnered on the deployment and integration of enterprise security tools used to monitor, administer and manage a variety of technical security services throughout the enterprise.
- Developed, tested, implemented and maintained web, server and desktop applications for the Risk Management organization to handle insurance, environmental, security and conflict of interest incidents.
- Established a 24x7 Security Center to process governmental requests, network and customer emergencies, Department of Defense and other federal agency matters.

U S WEST, Denver, Colorado
Compliance/Escalation Manager (1996 - 1998)
Analyzed and summarized Interconnection/Wireless/Resale Agreements and related state/federal commission orders. Served as a Carrier Compliance Manager specializing in dark fiber, collocation and right-of-way. Researched network capabilities and alternate engineering options for held-order escalations.

Customer Advocacy Manager (1995 – 1996)
Responsible for successfully resolving customer/shareholder complaints received by U S WEST. Responded on behalf of the Officers and/or the Corporation regarding Public Utility Commission (PUC), Federal Communication Commission (FCC), Congressional inquiries and customer escalations.

Manager Litigation, Federal Sentencing Guidelines (1993 - 1995)
Responsible for the evaluation, research, investigation and disposition of calls received on the Whistle Blower Hotline. Managed Conflict of Interest, Immigration and Bankruptcy processes. Produced Code of Business Ethics manual.

Regional Risk Managment Information Manager (1990 - 1993)
Coordinated human resources, budget and system administration for Risk Management. Directed 8 managers and 82 occupational employees in centers handling subpoenas call tracing, court order circuits, and claims reports. Represented U S WEST on CLASS services and testified as a subject matter expert witness before various regulatory/legislative bodies. Implemented optical disc and electronic file transfers to external clients. Handled investigations into Code of Conduct and compliance violations.

Member of Technical Staff/Client Services Manager (1982 – 1990)
Served as technical manager in regional data center (Des Moines, IA) coordinating production runs, program abort corrections and data processing requests to complete customer billing, call detail data transfers and payroll processing for USWEST. Completed over 850 hours of technical, data and business training courses.

EDUCATION and CERTIFICATIONS

FISA /Top Secret US GOVERNMENT 1987-1995, 1999 - current
Executive Leadership Program, Influence of Denver – Graduated 5/2002
American Intercontinental University – Course work towards Health Care Administration (2004 – 2005)
Arapahoe Community College – Computer Crime Investigation/Forensics 2001/2003
Colorado Christian University (1993 – 1994), Missouri Western State College (1977 to 1979)
Communications Fraud Control Association (CFCA) and National Cable Television Association (NCTA)

TRAINING PROGRAMS

Des Moines Area College - Real Estate Appraisal 1991
Total Quality and FacilitativeTraining 1984 – 1993, Sigma Six 2002
Qualified Engineering Selection Module 1995 and Programming Module 1992
Various Security, Quality, Training and Technical Courses

- *BellCore Security School Training and Ried School of Investigation and Interrogation I & II*
- *Dale Carnegie and PSI leadership Courses*

EXHIBIT 4

JOHN G. VONDRAS, P.E.

SUMMARY

Versatile global leader able to effectively manage large or small organizations in a variety of complex environments both domestically and internationally. Known for ability to evaluate operations, make improvements and grow the business while improving customer service. Successful in negotiating contracts with suppliers, joint venture partners, financial institutions and governmental entities while international currencies shifted. Led Company through turbulent times during severe national economic crisis and multiple changes of ownership. Attuned to dynamics of different stakeholders and known for ability to gain their support. Has testified in regulatory and legal proceedings in the USA and abroad.

EXPERIENCE

Vondras Consulting, Scottsdale, AZ **July 2002- Present**
Consulting services in the area of telecommunications, power and project management.
Principal

- Interim managing director for Belize Telephone Ltd. in Belize City, Belize (April 2004-February 2005) increased revenues, expanded wireless operations 40%, increased fixed line operations 35%, introduced new services and expanded customer base
- Provided guidance in conducting an audit of one of Qwest's Supplier
- Performed a contractual analysis for an real estate developer regarding broadband deployment
- Engaged to provide interconnection analysis for Qwest regarding Cox in Arizona. This will result in providing expert testimony in a legal proceeding and managing Engineering analysis
- Engaged to provide a billing analysis for Qwest Communications in Arizona
- Provided management and technical oversight for two cable companies in the French Caribbean, St. Maarten and one cable company in eastern France. Implemented Internet in the Caribbean companies and deployed new technology to increase the customer base and improve quality
- Completed high level due diligence on a telecommunications project in Italy
- Evaluated the feasibility of an emerging power transmission company
- Analyzed marketing and technical capabilities of a consumer products firm
- Provided evaluation of a Competitive Local Exchange Carrier's business plan
- Testified for over 100 hours in legal and regulatory proceedings in the USA and abroad

PT ARIAWEST International, Jakarta, Indonesia **September 1995-June 2002**
Headed the joint venture (JV) telecommunications company in Indonesia involved in a 15year Build, Operate and Transfer (BOT) arrangement from its inception. Managed 30+ US employees and 3100+ Indonesians. The economic and political crisis resulted in the sale of the JV (closed in mid 2003) back to Government of Indonesia entity.
President Director and CEO, Board Member and Chairman; Vice President and Managing Director – Indonesia for AT&T Wireless International (formally US WEST International, MediaOne International and AT&T BroadBand)

- Grew Revenues (local currency) 105%
- Increased the customer base by 109%
- Obtained limited recourse financing of $615M from 43 international lenders and successfully renegotiated the terms after the economic crisis occurred
- Won a PCS license and formulated a consortium of other license winners
- Implemented shift from engineering to market focused operation
- Developed and trialed Cable/Telephony plans for the operating area
- Negotiated with various Governmental, World Bank and IMF entities
- Supervised development of M & A activities for the pending sale

US WEST, Inc., Denver, CO. **December 1993 – July 1995**
Corporate wide responsibilities for internal auditing. Meeting and advising Audit Committee of the Board of Directors and external auditors on issues and their resolution. Managed 53 internal auditors.
Executive Director – Operations Controls

- Implemented Risk Base Auditing into Internal Audit Department
- Developed and introduced appropriate controls for: Re-Engineering, Broadband Trials, compliance auditing, revenue assurance and protection, expense reduction and control, and capital optimization
- Recovered $75M in revenues/expense reductions due to improved processes
- Coordinated M&A activities for Cable/Telephony and data projects with German Conglomerate "VEBA"
- Completed operation improvement audits for ventures in Russia and UK
- Received "Presidents Club" Award for contributions in 1994
- Headed M&A process for winning bid for Indonesian project

U S WEST International, Inc., Denver, CO **May 1992 – November 1993**
Managed potential and existing international projects by providing financial, business, technical and M&A support in Europe and Asia.
Executive Director – International Network Strategies

- Lead M&A activities for Hungarian Telephone Privatization with France Telecom
- Developed and project managed second network plans in Germany with RWE (German Power Conglomerate)
- Managed successful Cable/Telephony trial in Hungary
- Designed network plan for Russia which would connect all major Russian cities via digital microwave or fiber optic cables

U S WEST, Inc., Denver, CO. **April 1990 – April 1992**
Provided financial analysis and budget support for US WEST Communications. Worked with various corporate wide committees in developing reviews and annual budgets.
Director –Financial Planning and Analysis – Controllers

- Provided budget variance analysis to corporation (monthly, quarterly and annual)
- Developed recommendations for various situations i.e. Price Caps, Alternative Forms of Regulations, FASB changes, capital deployment impacts
- Interfaced with Treasury, Tax, Public Policy, Accounting and other senior leaders regarding various financial issues

- Lead project team which developed a "digital overlay network " plan for Czechoslovakia two months ahead of schedule
- Provided senior leadership with analysis for broadband deployment out of region and provide separation analysis before the FCC

U S WEST Communications, Omaha, NE. December 1988 – March 1990
Provided executive support to the President of the Consumer Division regarding issues in the residential, coin phones and operator services markets. Had responsibility for community liaison for the President of Northwestern Bell Telephone Company.
General Manager – Consumer Division

- Developed recommendations for the President of the Consumer Division for Regulatory and Public Policy, HR, PR, Consumerism, and External Affairs issues
- Interfaced with relevant departments for determining impacts of various legislative and technical standards changes to the consumer division
- Held board positions on numerous non-profit and civic boards in the community

Northwestern Bell (NWB) (forerunner to U S WEST) April 1981 – November 1998
Assignments ranged from Real Estate and Operation functions to Economic Analysis. Served as Company Demand Analysis and Competitive witness in NWB States. Only Company Witness in successful Nebraska deregulation district court case, challenging constitutionality of Nebraska deregulation law. Served as Assistant to President of NWB.
Various Line and Staff assignments in Nebraska and Minnesota

- Served as company regulatory, demand analysis, bypass, competitive intelligence and depreciation witness in all 5 states and FCC level
- Discovered long distance accounting issues which recovered $25M to company from long distance providers like MCI, Sprint etc.
- Assisted in development of prototype deregulation policy and plan for Iowa which was later adopted in other states

AT&T, New York, NY May 1977 – March 1981
Responsible for development and maintenance of network service cost methods and models for long distance services for Bell System. Supported Bell system in their use.
District Manager, Tariffs and Costs

- Developed econometric cost models for Bell System companies in regulatory filings
- Designed economic modeling techniques for pricing new and existing services resulting from technological changes
- Developed courses teaching cost methods at Bell System Center for Technical Education

EDUCATION

Bachelor of Science, Mechanical Engineering – University of Nebraska - Lincoln
Master of Science, Industrial Engineering – University of Nebraska - Lincoln

PROFESSIONAL ACTIVITIES

- Member of BOD of Innovative Communications Corp.(through 2002)
- Spoke at a CARRICOM Conference in Dominican Republic (December 2004)

- Founding member special Telecommunications Task Force formed by US Ambassador in Indonesia
- Founding member Department Post & Communications Yaysan (charity) in Indonesia
- American Society of Mechanical Engineers
- National Society of Professional Engineers
- Registered Professional Engineer – Nebraska and Minnesota

CIVIC & COMMUNITY ACTIVITIES

- Jakarta American Chamber of Commerce-Telecommunications, Information and Marketing committees
- Member MASTEL (Indonesian Telecommunications Society)
- Former Assistant Cub Master, Secretary BSA Troop, Quarter Master BSA, Troop Committee Member and Merit Badge Counselor

CF-41
AB 10-23-2001

Memo

ARTHUR ANDERSEN

To	Allegiance Telecom 09/30/2001 Quarter Review Files
From	Andy Barron, Dallas/Fort Worth AB 11-23-2001
Date	October 23, 2001
Subject	Press Release Disclosure

Tel
Fax

The purpose of this memo is to document Andersen's communication with management regarding certain disclosures included in Allegiance Telecom, Inc.'s ("Allegiance" or the "Company") third quarter 2001 press release.

The specific disclosure is found on page five in the second paragraph and discusses new line installations in the early nine markets. It reads, "New line installations were 45,900 lines, resulting in an improvement of 9.5 percent compared with 2Q01." The assertion that new line installations improved 9.5 percent compared with the second quarter may be misleading. In the second quarter, this percentage was calculated by comparing the new line installations during the second quarter with new line installations during the first quarter. We agree this is the correct methodology based on the wording of the sentence. However, in the third quarter press release, the methodology for calculating this percentage was changed. The third quarter methodology is to calculate the percentage by comparing new line installations in the third quarter with the cumulative lines installed as of the end of the second quarter. See calculations that follow. The line counts are taken from the "Market Financial Data" attachment to the press release and can be recalculated by individuals who have the knowledge to do so.

Second Quarter Methodology

	Q2	Q3
New line installations in current quarter	57,281	45,926
Less: new line installations in prior quarter	49,334	57,281
Increase (decrease) in lines installed	7,947	-11,355
Percent change in new line installations	16.1%	-19.8%

Third Quarter Methodology

New line installations in current quarter	45,926
Cumulative lines in service	482,661
Percent change of cumulative lines in service	9.5%

DEPOSITION EXHIBIT 1

AA 00127
CONFIDENTIAL

The wording of the press release did not change to identify the change in calculations. It appears that the third quarter methodology is inconsistent with the wording of the sentence in the press release.

The engagement team brought this matter to the attention of Heather Thompson, Director of Accounting, and Chris Kornegay, VP – Controller. They understood our position. However, after discussing the matter with Tom Lord, CFO, it was decided by management that no change would be made.

VP

2.73 Accrual

Smith, Terri

From: Vuppututuri, Vasumathi
Sent: Monday, April 02, 2001 1:43 PM
To: Parella, Tony; Crane, Denise; Smith, Terri
Subject: RE: NS lines Activated Summary

Here is the summary as of today

	January	February	March	April
Lines installed prev but keyed month	16806	9958	19503	107
Installed Lines Keyed	28264	26008	29981	327
Gross Install Lines	45070	35966	49484	434
Disconnect Lines Keyed	17401	13656	11532	96
Net Install Lines	27669	22310	37952	338

-----Original Message-----
From: Vuppututuri, Vasumathi
Sent: Friday, March 30, 2001 1:32 PM
To: Parella, Tony; Crane, Denise; Smith, Terri
Cc: Delong, Leslie
Subject: RE: NS lines Activated Summary

Here is the summary as of today.

	January	February	March
Lines installed prev but keyed month	16806	9958	17643
Installed Lines Keyed	28264	26008	29378
Gross Install Lines	45070	35966	47021
Disconnect Lines Keyed	17401	13656	10944
Net Install Lines	27669	22310	36077

Thanks
Vasu

-----Original Message-----
From: Vuppututuri, Vasumathi
Sent: Thursday, March 29, 2001 12:28 PM
To: Parella, Tony; Crane, Denise; Smith, Terri
Cc: Delong, Leslie
Subject: RE: NS lines Activated Summary

Here is the summary as of today.

	January	February	March
Lines installed prev but keyed month	16806	9958	17177
Installed Lines Keyed	28264	26008	27790
Gross Install Lines	45070	35966	44967
Disconnect Lines Keyed	17401	13656	10113
Net Install Lines	27669	22310	34854

Thanks
Vasu

EXHIBIT 34

-----Original Message-----
From: Vuppututuri, Vasumathi
Sent: Wednesday, March 28, 2001 1:03 PM
To: Parella, Tony; Crane, Denise; Smith, Terri
Cc: Delong, Leslie
Subject: RE: NS lines Activated Summary

Hi All
Here is the Summary of lines keyed as of today.

TP 0000656

1st QUARTER FORECAST

04-4-01 FORECAST

Lines	Jan		Feb		Mar		Q1 2001		
Net Installs	Actual	Budget	Actual	Budget	Forecast	Budget	Forecast	Budget	Consensus
Field / National	36,814	34,263	26,317	29,877	34,423	36,326	97,554	100,466	
Broadband Sales	5,837	6,156	9,901	13,183	8,037	22,802	23,775	42,141	
Acquisitions	0	977	0	720	0	781	0	2,477	
Total	42,651	41,396	36,218	43,780	42,460	59,909	121,329	145,085	125,000
Cumulative									
Field / National	465,877	443,969	492,803	473,847	529,290	510,172	529,290	510,172	
Broadband Sales	184,717	203,856	194,642	217,039	203,447	239,841	203,447	239,841	
Acquisitions	18,537	18,537	19,257	19,257	20,037	20,037	20,037	20,037	
Total	669,131	666,362	706,702	710,142	752,774	770,051	752,774	770,051	
Headcount									
Total	3,320	3,634	3,605	3,842	3,744	3,924	3,744	3,924	

Revenue	Jan		Feb		Mar		Upsides	Q1 2001		
End User	Actual	Budget	Actual	Budget	Forecast	Budget	Q1 2001	Forecast	Budget	Consensus
Retail										
UNE	9,435	10,899	10,216	11,544	11,193	12,837	1,680 (1)	32,274	35,281	
T1	1,326	1,336	1,332	1,353	1,391	1,411	(250) (2)	4,049	4,100	
Ded Int	1,418	1,097	1,489	1,167	1,617	1,276		4,525	3,540	
IAD	562	806	621	929	746	1,100		1,929	2,835	
ADSL	28	32	31	36	35	39		94	107	
Resale	2,625	2,813	2,847	3,003	3,102	3,194		8,574	9,010	
LD Buckets	0	0	0	44	0	105		0	149	
City Buckets	0	0	0	28	0	72		0	101	
Set-Up / Wire Mtnc.	99	86	110	136	115	180		324	402	
Total Retail	$15,493	$17,069	$16,647	$18,240	$18,198	$20,214	1,430	$51,789	$55,523	
Broadband Sales										
MMPS	2,119	2,124	2,143	2,275	2,463	2,462		6,725	6,861	
PRI	2,386	2,055	2,405	2,039	2,670	2,170		7,461	6,264	
Collocation/Other	101	197	101	197	101	203		303	597	
Total Broadband Sales	$4,608	$4,376	$4,650	$4,510	$5,234	$4,836		$14,489	$13,722	
Acquisitions	$3,207	$3,179	$3,143	$3,277	$3,150	$3,396	$884 (3)	$10,383	$9,852	
Gross End User	$25,197	$26,581	$26,434	$28,022	$28,681	$30,546	$2,314	$82,627	$85,149	
CABS	$9,671	$8,545	$8,969	$8,404	$8,995	$8,995		$27,634	$25,944	
Net Revenue	$32,977	$33,169	$33,408	$34,504	$35,577	$37,618	$2,314	$104,276	$105,041	$105,000
Network Costs										
Total Network Costs	$19,233	$17,342	$19,788	$18,074	$20,000	$18,859	($8,006) (4)	$51,015	$54,276	$54,000
Gross Margin	41.7%	47.7%	40.8%	47.6%	43.8%	49.9%		51.1%	48.3%	48.6%
SG&A										
Salaries and Benefits	18,678	17,961	17,978	18,742	19,272	19,506	927 (3)	56,353	56,209	
Travel	286	290	411	297	550	343	(500) (6)	1,247	930	
Network Administration	1,685	1,450	1,808	1,271	1,603	1,343		5,096	4,064	
Marketing	315	666	333	671	286	776		933	2,113	
Rents and Utilities	2,918	2,228	3,028	2,224	3,020	2,232		8,966	6,685	
Professional Fees	1,808	1,690	1,784	1,413	1,638	1,642		5,230	4,746	
Bad Debt	1,383	1,387	1,482	1,462	1,578	1,578		4,443	4,427	
Other	1,221	489	1,154	454	1,300	496	(750) (5)	2,925	1,439	
	$28,294	$26,163	$27,975	$26,535	$29,247	$27,916	(323)	$85,194	$80,613	$80,800
EBITDA	($14,550)	($10,337)	($14,355)	($10,105)	($13,670)	($9,157)	$10,643	($31,933)	($29,849)	($29,800)
CAPEX	$40,724	$43,467	$35,954	$43,467	$43,467	$43,467		$120,145	$130,400	

EXHIBIT
37
Naramore
PENGAD 800-631-6989

TP 0000657

4/4/01 8:13 PM

4.3.01fcst Forecast

PBC

FN-10
AB 8-7-2001

2Q 2001 PRESS RELEASE STATISTICS

N[illegible]STALLS

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001
UNE	47,585	42,129	39,198	42,259	49,935	48,510
T1	1,109	2,719	2,816	7,734	1,034	(2,279)
Ded	2,665	2,426	1,465	4,132	5,272	5,484
IAD	902	2,831	4,383	5,750	5,248	11,743
ADSL	179	360	198	116	112	13
Resale	4,938	5,457	14,579	15,697	17,024	7,894
Wholesale PRI	20,608	19,984	15,512	2,453	11,798	(48,606)
MMPS	(5,386)	5,230	14,134	29,089	10,836	102,532
Acquisitions	0	12,432	3,215	1,913	(503)	36,463
Kivex	0	0	(3,626)	(1,143)	(596)	81
Switch					26,000	(26,000)
TOTAL COMPANY	72,600	93,568	91,874	108,000	126,160	135,835

ENDING LINES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001
UNE	136,640	178,769	217,967	277,261	353,196	375,706
T1	21,762	24,481	27,297	40,659	40,450	38,171
Ded	5,281	7,707	9,172	10,060	15,332	20,816
IAD	902	3,733	8,116	14,602	19,750	31,493
ADSL	300	660	858	900	1,012	1,025
Resale	38,697	44,154	58,733	58,723	75,747	83,641
Wholesale PRI	71,699	91,683	107,195	104,633	117,674	69,068
MMPS	25,090	30,320	44,454	74,242	85,078	187,610
Acquisitions	0	12,432	15,647	17,560	17,057	53,520
Kivex	13,929	13,929	10,303	9,160	8,564	8,645
TOTAL COMPANY	314,300	407,868	499,742	607,700	733,860	869,695

SAY 869,700

NET INSTALLS

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001
	56,480	52,569	59,476	71,996	73,602	68,274
N[illegible]al	(314)	3,218	2,702	4,063	3,473	3,015
Wholesale	16,434	25,349	30,107	31,171	24,184	54,002
Acquisitions	0	12,432	3,215	1,913	(503)	36,463
Kivex	0	0	(3,626)	(1,143)	(596)	81
Switch					26,000	(26,000)
TOTAL COMPANY	72,600	93,568	91,874	108,000	126,160	135,835

ENDING LINES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001
Retail	186,388	240,957	300,433	365,520	465,118	507,396
National	14,702	17,920	20,622	41,190	44,663	47,678
Wholesale	97,281	122,630	152,737	174,270	196,454	252,456
Acquisitions	0	12,432	15,647	17,560	17,057	53,520
Kivex	13,929	13,929	10,303	9,160	8,564	8,645
TOTAL COMPANY	314,300	407,868	499,742	607,700	733,856	869,695

REVENUES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001
UNE, T1	14,935	26,303	26,433	35,120	33,543	37,033
Resale	4,184	6,163	5,743	7,683	7,648	7,756
Ded Internet	3,603	4,116	7,073	10,359	13,749	16,609
IAD	50	175	1,484	1,567	2,062	2,805
ADSL/HDSL	45	247	428	648	889	1,039
Collocation	711	659	632	1,207	1,181	725
MMPS & PRI	6,363	7,053	7,412	11,573	17,497	19,609
CABS	17,270	18,289	30,826	26,851	29,286	38,483
	$ 47,161	$ 63,005	$ 80,032	$ 95,028	$ 105,874	$ 124,059
Increase		33.6%	27.0%	18.7%	11.4%	17.2%

REVENUES	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001
Local	$ 17,455	$ 30,386	$ 31,496	$ 38,925	$ 2 43,699	$ 1 41,613
LD	1,664	2,098	3,331	4,149	5,377	6,438
Data (incl whlse)	10,772	12,251	17,029	25,104	4 27,513	5 37,325
Access	14,274	13,299	15,280	15,582	2 21,339	1 18,429
Recip Comp	2,996	4,991	12,697	11,268	7,947	20,055
	$ 47,161	$ 63,005	$ 80,032	$ 95,028	$ 105,874	$ 124,059

SAY 37.3

Mix	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001
Local	73.6%	77.2%	74.6%	69.2%	68.9%	64.7%
LD	3.5%	3.3%	4.2%	4.4%	5.1%	5.2%
Data (incl whlse)	22.8%	19.4%	21.3%	26.4%	26.0%	30.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1) Q2 Revenue

Local Σ1 80,297 ~ SAY 80.4
3

AB 8-7-2001

2) YTD Revenue

		Local	Data
Q1	Σ2	72,985	4 27,513
Q2	3	80,297	5 37,325
Total		153,282 T	64,838 T
		SAY 153.3	SAY 64.8

AB 8-7-2001

Exhibit #40

AA 04119
CONFIDENTIAL

PC~

FN-16
AB 4-27-01

1Q 2001 PRESS RELEASE STATISTICS

NET INSTALLS

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001
UNE	47,585	42,129	39,198	42,259	74,022
T1	1,109	2,719	2,816	7,734	2,299
Ded	2,665	2,426	1,465	4,132	5,344
IAD	902	2,831	4,383	5,750	5,326
ADSL	179	360	198	116	124
Resale	4,938	5,457	14,579	15,697	15,609
Wholesale PRI	20,609	19,984	15,512	2,453	11,268
MMPS	(5,386)	5,230	14,134	29,089	13,263
Acquisitions	0	12,432	3,215	1,913	(503)
Kivex	0	0	(3,626)	(1,143)	(596)
TOTAL COMPANY	72,600	93,568	91,874	108,000	126,156

ENDING LINES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001
UNE	136,640	178,769	217,967	277,261	351,283
T1	21,762	24,481	27,297	40,659	42,958
Ded	5,281	7,707	9,172	10,060	15,404
IAD	902	3,733	8,116	14,502	19,828
ADSL	300	660	858	900	1,024
Resale	38,697	44,154	58,733	58,723	74,332
Wholesale PRI	71,699	91,683	107,195	104,633	115,901
MMPS	25,090	30,320	44,454	74,242	87,505
Acquisitions	0	12,432	15,647	17,560	17,057
Kivex	13,929	13,929	10,303	9,160	8,564
TOTAL COMPANY	314,300	407,868	499,742	607,700	733,856

NET INSTALLS

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001
Retail	56,480	52,569	59,476	71,996	99,598
National	(314)	3,218	2,702	4,063	3,473
Wholesale	16,434	25,349	30,107	31,171	24,184
Acquisitions	0	12,432	3,215	1,913	(503)
Kivex	0	0	(3,626)	(1,143)	(596)
TOTAL COMPANY	72,600	93,568	91,874	108,000	126,156

ENDING LINES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001
Retail	188,388	240,957	300,433	365,520	465,118
National	14,702	17,920	20,622	41,190	44,663
Wholesale	97,281	122,630	152,737	174,270	198,454
Acquisitions	0	12,432	15,647	17,560	17,057
Kivex	13,929	13,929	10,303	9,160	8,564
TOTAL COMPANY	314,300	407,868	499,742	607,700	733,856

REVENUES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001
UNE, T1	14,935	26,303	26,433	35,120	33,551
Resale	4,184	6,163	5,743	7,683	(5) 7,648
Ded Internet	3,603	4,116	7,073	10,359	13,749
IAD	50	175	1,484	1,587	2,082
ADSL/HDSL	45	247	426	648	880
Collocation	711	659	632	1,207	1,181
MMPS & PRI	6,363	7,053	7,412	11,573	17,497
CABS	17,270	18,289	30,826	26,851	29,286
	$ 47,161	$ 63,005	$ 80,032	$ 95,028	$ (4) 105,874
Increase		33.6%	27.0%	18.7%	11.4%

REVENUES	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001
Local	$ 17,455	$ 30,365	$ 31,496	$ 38,925	$ (1) 43,599
LD	1,664	2,098	3,331	4,149	(2) 5,377
Data (incl whlse)	10,772	12,251	17,029	25,104	(3) 27,513
Access	14,274	13,299	15,280	15,562	(1) 21,339
Recip Comp	2,995	4,991	12,897	11,268	7,947
	$ 47,161	$ 63,005	$ 80,032	$ 95,028	$ 105,874
					$ 105,874

Mix	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001
Local	73.6%	77.2%	74.6%	69.2%	68.9%
LD	3.5%	3.3%	4.2%	4.4%	5.1%
Data (incl whlse)	22.8%	19.4%	21.3%	26.4%	26.0%
	100.0%	100.0%	100.0%	100.0%	0%

1) Local Revenue
(1) 72,985 ~ SAY 73.0
AB 4-27-2001

2) LD Revenue
(2) 5,377 ~ SAY 5.4 AB 4-27-2001

4) Total Rev (4) 105,874
Resale (5) 7,648
Fac. 98,226 92.8%
SAY 137
AB 4-27-2001

3) Data Revenue
(3) 27,513 ~ SAY 27.5
AB 4-27-2001

EXHIBIT
41
Nazarene
PENGAD 800-631-6989

AA 05216
CONFIDENTIAL

Parella, Tony

From: Vuppututuri, Vasumathi
Sent: Wednesday, March 28, 2001 12:58 PM
To: Shindler, Debra; Desmond-Donohue, Carol; Hwang, Steve; Parella, Tony; Naramore, Tim; Delong, Leslie; Kreft, Donald F., Jr.; Crane, Denise; Myers, Clay; Baird, Jon; Smith, Terri
Subject: RE: TX Resale PIC and LPIC Counts

Here is the pic summary from all the systems.
Allegiance PIC & LPIC Reconciliation

SOURCE_SYSTEM	PIC Only	(LATA PIC) LPIC Only	BOTH PIC & LPIC	NEITHER
NS - Excluding Resale	2,163	93,282	127,388	95,614
NS - Resale Only	4,546	12,239	5,859	45,876
Switch	614	238,670	126,839	84,894
SWB Resale CDs	933	352	3,265	N/A
Broadwing	162,148	N/A	N/A	N/A
TBS	6,834	81,146	78,599	N/A

Thanks
Vasu

-----Original Message-----
From: Shindler, Debra
Sent: Tuesday, March 27, 2001 3:28 PM
To: Desmond-Donohue, Carol; Hwang, Steve; Parella, Tony; Naramore, Tim; Delong, Leslie; Kreft, Donald F., Jr.; Vuppututuri, Vasumathi; Crane, Denise; Myers, Clay; Baird, Jon; Smith, Terri
Subject: TX Resale PIC and LPIC Counts

All,

Attached is a summary of the data showing the number of TX Resale WTN's with Allegiance (0948) listed as their PIC and/or LPIC. This data indicates that 12% of our TX Resale WTN's have Allegiance as their PIC and 10% of our TX Resale WTN's have Allegiance as their LPIC.

Any questions regarding this data, please let me know.

ds

<< File: TX Resale PIC and LPIC Counts.xls >>

TN/ANI

BW
→ 162,148

NS.
129,000
10,000 Resale
140,000

EXHIBIT 42 NARAMORE

TP 0000662

PRN Allegiance Telecom Continues On Plan With Record Setting First
Apr 24 2001 16:08

Quarter Results

-- 1Q01 Revenues of $105.9 Million - Increased by 11 Percent Compared with 4Q00 and 124 Percent Compared with 1Q00
-- Record Levels of Quarterly Installs and Orders -- New Installs of 126,200 Lines and New Orders of 165,900 Lines
-- Total Lines in Service Increases to 733,900
-- 11 Markets Pre-Overhead EBITDA Positive in 1Q01, Driving Overall Company EBITDA Loss Margin from 59.2 Percent in 1Q00 to 28.3 Percent in 1Q01
-- 51 New Colocations for a Total of 687, Addressing Approximately 17.81 Million Business Lines "On-Switch"
-- San Antonio and Ft. Lauderdale Service Initiated -- Allegiance Telecom's 28th and 29th Markets
-- Web Hosting Business Unit Established to Focus on Small and Medium Sized Enterprise (SME) Market
-- Electronic Bonding Arrangement with Qwest; 24 of 29 Current Allegiance Markets Now Covered

DALLAS, April 24 /PRNewswire Interactive News Release/ -- Allegiance Telecom, Inc. (Nasdaq: ALGX), an integrated communications provider (ICP), announced first quarter 2001 revenues of $105.9 million, an increase of 11 percent as compared with 4Q00 and 124 percent compared with 1Q00. Lines sold as well as lines installed were quarterly records, with new lines sold increasing from 152,000 in 4Q00 to 165,900 lines in 1Q01. Lines installed also showed record growth, with new lines installed increasing from 108,000 in 4Q00 to 126,200 in 1Q01. To date, Allegiance has installed 733,900 lines, of which 90 percent are "on-switch."

"Despite the negative financial market environment and the large number of technology and communications companies lowering their growth targets, we are pleased to announce that we have met or exceeded our key first quarter operating and financial metrics," said Royce J. Holland, chairman and CEO of Allegiance Telecom. "I am especially pleased with the continuing growth and margin improvement in our nine early markets, and the fact that two additional markets, Philadelphia and San Diego, joined these nine markets in becoming pre-overhead EBITDA positive in the first quarter."

Network Rollout Continues On Schedule

With the addition of San Antonio and Ft. Lauderdale in March, Allegiance's network rollout proceeded on track. The Company had 29 markets operational at the end of 1Q01 including Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York, Northern New Jersey, Oakland, Orange County, Philadelphia, Phoenix, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa and Washington, D.C. Seven more markets are expected to become operational in 2001, bringing Allegiance's total to 36 markets.

EXHIBIT 49

PRN Allegiance Telecom Continues On Plan With Record Setting First
Apr 24 2001 16:08

Allegiance Telecom continued to post strong gains in its addressable market during the first quarter, adding 51 new colocations. At the end of March, the Company was colocated in 687 central offices for unbundled loops, representing an addressable "on-switch" market of approximately 17.81 million local business access lines.

Allegiance now has 27 switches in operation, supporting the following markets: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas/Fort Worth (2), Denver, Detroit, Houston, Los Angeles, Miami/Ft. Lauderdale, Minneapolis/St. Paul, New York /Long Island (2), Northern New Jersey, Orange County, Philadelphia, Phoenix, St. Louis, San Antonio, San Diego, San Francisco/Oakland, San Jose, Seattle, Tampa and Washington, D.C.

Financial and Operational Highlights

Allegiance Telecom posted a strong sales increase for the quarter, with lines sold increasing from 152,000 lines in 4Q00 to 165,900 in 1Q01, an increase of 9 percent compared with 4Q00 and an increase of 74 percent compared with 1Q00. Lines installed also showed significant growth, with organic lines installed increasing from 108,000 in 4Q00 to 126,200 in 1Q01, a 17 percent increase in new installs compared to 4Q00 and an increase of 74 percent compared with 1Q00.

Effective personnel recruitment efforts resulted in Allegiance's sales force growing to 1,471 people, out of a total Allegiance employee base of 3,834 as of March 31, 2001. One of the key facets of the Company's business plan is the continuous building of an end user direct sales organization, bringing Allegiance products and services directly to customers in each of the Company's operational markets.

For the first quarter ended March 31, 2001, Allegiance Telecom had consolidated revenues of $105.9 million. This represents an increase of 11 percent as compared with 4Q00 and an increase of 124 percent over 1Q00. Allegiance continues to use its capital to support the development of new and existing markets, resulting in a first quarter EBITDA (earnings before interest, taxes, depreciation and amortization, excluding management ownership allocation charge and non-cash deferred compensation expenses) loss of $29.9 million and capital expenditures of $120.5 million. The Company continued on its path to profitability with EBITDA loss as a percent of revenue for the quarter at 28.3 percent, versus 31.5 percent in 4Q00 and 59.2 percent for 1Q00.

Gross margin continues to improve; for 1Q01, Allegiance Telecom's gross margin was 51.6 percent, up from 50.4 percent in 4Q00.

"Allegiance Telecom used approximately $161 million of its cash and short-term investments during the first quarter to further expand its operations, capital expenditures related to switching platforms, colocations, construction of its SONET fiber networks and its data network -- which supports the Company's product suite of local, long distance, data and Internet services -- and acquisitions," said Thomas M. Lord, Allegiance executive vice president of corporate development and chief financial officer. "At March 31, 2001, Allegiance had an undrawn committed credit facility of $500 million and more

than $510 million of cash and short-term investments. We believe that this liquidity fully funds Allegiance's 36-market business plan," he said.

Early Markets Demonstrate Significant Strides Toward Profitability

To demonstrate its progress toward profitability, Allegiance Telecom began reporting operating results in 4Q00 for nine of its markets that began service in 1998 or early 1999 and became pre-overhead EBITDA positive during the fourth quarter (before corporate overhead allocation). These nine markets are Dallas, New York, Atlanta, Fort Worth, Chicago, Los Angeles, San Francisco, Boston and Houston.

In 1Q01, the nine markets continued to show significant growth and margin improvements. New line installations increased by almost 50,000 lines, resulting in an improvement of about 13 percent compared with 4Q00 and 86 percent over 1Q00. Likewise, revenue increased to $64.2 million, an increase of about 9 percent compared with 4Q00 and 56 percent more than 1Q00. Gross margin improved to 59.0 percent of revenue. Pre-overhead EBITDA was a positive $14.3 million, representing a pre-overhead EBITDA margin of 22.3 percent versus 11.9 percent for 1Q00.

Two additional markets, Philadelphia and San Diego, also became pre-overhead EBITDA positive in the first quarter, for a total of 11 pre-overhead EBITDA positive markets.

"The continuing impressive performance of these nine markets in terms of revenue growth, and especially pre-overhead EBITDA margin growth, shows the Allegiance business plan is working as we intended," said Holland. "Allegiance Telecom continues its movement up the growth curve, cutting consolidated EBITDA loss margin from 59.2 percent in 1Q00 to 28.3 percent in 1Q01. As we progress in 2001, we expect to see additional markets turning pre-overhead EBITDA positive. This should diminish overall company EBITDA loss margin to the low teens by the end of the year, positioning Allegiance to turn EBITDA positive during 2002."

Formation of New Allegiance Telecom Web Hosting Division

In mid-April, Allegiance announced the creation of a centralized Web hosting division. This new division is the result of the critical mass created by the growth in Allegiance's Internet and hosting business and acquisitions of several regional Internet service companies. It will focus on developing, marketing, and selling national Web hosting and Internet connectivity services primarily to the small and medium-sized enterprise (SME) market.

The new centralized Allegiance Web hosting division will market and sell its services, including a full-suite of shared, dedicated, managed and colocated hosting services and Internet connectivity services, under a separate brand.

Allegiance also announced it acquired Web hosting assets, including the customers and world-class Internet data center, of Medford, Mass.-based HarvardNet. In addition, Allegiance announced it acquired Adgrafix, a Web hosting services company headquartered in Sudbury, Mass. These new

acquisitions solidify the East Coast footprint of Allegiance's new Web hosting division.

Mark Washburn, former HarvardNet president and CEO, joined Allegiance as senior vice president of Web hosting, responsible for operations of the newly created division. He reports to Dan Yost, Allegiance president and chief operating officer.

"The creation of this division, bolstered by these acquisitions, is value accretive to Allegiance with minimal impact on the company's short term EBITDA [earnings before interest, taxes, depreciation and amortization, excluding management ownership allocation charge and non-cash deferred compensation expenses] losses," said Yost. He stressed that all of these acquisitions provide significant cross-marketing and cross-selling opportunities for Allegiance's integrated package of voice and data communications services.

Implementation of Electronic Bonding with Qwest

Allegiance Telecom and Qwest Communications International Inc. (NYSE: Q), announced the completion of electronic bonding between their operations support systems (OSS), reducing the time required to process customer orders for local telephone service requests.

Electronic bonding enables computers at different phone companies to communicate with each other in real-time, providing for rapid sharing of customer information, service requests and other data. This enables Allegiance to process orders quicker and at a lower cost to better serve their local customers. More important, electronic bonding with Qwest makes it easier for business customers in the Allegiance Telecom markets of Denver, Phoenix, Seattle and Minneapolis/St. Paul (and the soon-to-open Portland, Ore. market) to switch from one local service provider to another.

"This accomplishment builds on Allegiance Telecom's previously successful electronic bonding of OSS with Verizon in New York and Massachusetts, SBC in Texas and Missouri, Pacific Bell in California, Ameritech in Illinois, Michigan and Ohio, and BellSouth in Georgia and Florida," said Yost. "We've bonded electronically with Qwest for both local service requests (LSRs) for unbundled loops and access service requests (ASRs) for special access requests such as high capacity T-1 lines. Allegiance is LSR bonded in six regional Bell operating company regions, encompassing 24 of Allegiance's current 29 markets, and is ASR bonded in 100 percent of its current markets." Yost noted an electronic bonding arrangement with Verizon's southern region (including northern New Jersey, Philadelphia, Baltimore and Washington, D.C) is in testing and is expected to be announced during the second quarter.

Regulatory Certifications

Allegiance Telecom is certificated to provide competitive local exchange services in 24 states and the District of Columbia, including Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Minnesota, New Jersey, New York, Maryland, Massachusetts, Michigan, Missouri, Nevada, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Virginia, Washington State and Wisconsin.

Corporate Background

Based in Dallas, Allegiance Telecom is a facilities-based integrated communications provider (ICP) offering businesses a complete package of telecommunications services, including local, long distance, international calling, high-speed data transmission and Internet services. Allegiance is currently operational in 29 U.S. markets including: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St.Paul, New York, Northern New Jersey, Oakland, Orange County, Philadelphia, Phoenix, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa and Washington D.C. The Company is targeting a total of 36 major metropolitan areas with its "one-stop shopping" approach. The Company's Web address is: http://www.algx.com . Allegiance's common stock is traded on the Nasdaq National Market under the symbol ALGX.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. The words "believes," "expects," "estimates," "anticipates," "plans," "will be" and "forecasts" and similar words or expressions identify forward-looking statements made by or on behalf of the Company. These forward-looking statements were derived using numerous assumptions and are subject to many uncertainties and factors which may cause the actual results of the Company to be materially different from those stated in such forward-looking statements. Examples of such uncertainties and factors include, but are not limited to, the Company's ability to timely and effectively provision new customers; technological, regulatory or other developments in the industry; and the ability to develop and maintain efficient billing, customer service and information systems. Additional factors are set forth in the Company's SEC reports, including but not limited to the Annual Report on Form 10-K for the year ended December 31, 2000. The Company does not undertake any obligation to update or revise any forward-looking statement made by it or on its behalf, whether as a result of new information, future events or otherwise.

ALLEGIANCE TELECOM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share and per share amounts)

	Three Months Ended March 31, 2001 (unaudited)	Three Months Ended March 31, 2000 (unaudited)
Revenues	$105,874	$47,161

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Network Costs	51,228	27,120
Gross Margin %	51.6%	42.5%
Selling, General and Administrative	84,622	47,991
Depreciation, Amortization and Noncash Compensation	57,417	25,780
Loss From Operations	(87,393)	(53,730)
Other Income (Expense)		
Interest Income	7,048	13,454
Interest Expense	(15,995)	(20,994)
Other Income (Expense), net	(8,947)	(7,540)
Net Loss Applicable to Common Stock	$(96,340)	$(61,270)
Net Loss Per Share, basic and diluted (A)	$(0.87)	$(0.59)
Weighted Average Shares Outstanding, basic and diluted (A)	111,058,599	104,095,622
Other Financial Data:		
EBITDA (B)	$(29,976)	$(27,950)
Capital Expenditures	120,483	102,533

Notes:
(A) The basic and diluted net loss per share reflect the three-for-two stock split, which occurred on February 28, 2000.
(B) EBITDA excludes non-cash compensation expense.

ALLEGIANCE TELECOM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)

	March 31, 2001 (unaudited)	December 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents, and short-term investments (A)	$510,093	$670,911
Other current assets	119,548	99,366
Total current assets	629,641	770,277

PROPERTY AND EQUIPMENT		
Property and equipment	1,045,456	907,182
Accumulated Depreciation	(198,704)	(162,279)
Total property and equipment, net	846,752	744,903
NON-CURRENT ASSETS (B)	178,290	153,659
TOTAL ASSETS	$1,654,683	$1,668,839

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	$149,793	$139,070
LONG-TERM DEBT	576,303	566,312
OTHER LONG-TERM LIABILITIES	7,348	4,972
STOCKHOLDERS' EQUITY	921,239	958,485
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,654,683	$1,668,839
COMMON SHARES OUTSTANDING	113,020,934	110,059,681

Notes:
(A) Includes restricted short-term investments of $13,129 and $12,952 at March 31, 2001 and December 31, 2000, respectively.
(B) Includes restricted long-term investments of $829 at March 31, 2001 and December 31, 2000.

Selected Operational Statistics

	As of March 31, 2001	As of December 31, 2000	As of September 30 2000	As of March 31 2000
Markets Served	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston

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	Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul Phoenix Tampa San Antonio Ft. Lauderdale	Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul Phoenix Tampa	Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul	Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver
# of Markets	29	27	25	20
# of Switches	27	26	24	16
Central Offices Collocated	687	636	552	395
Addressable Markets (Lines) via Collocated Co's	17,810,000	16,460,000	14,730,000	11,800,000
Sales Headcount	1,471	1,333	1,231	905
Total Headcount	3,834	3,249	2,936	2,038
Lines Installed	733,900	607,700	499,700	314,300

* Note: Sales Headcount includes Sales Team Managers, Account Executives and Sales Administrators

ALLEGIANCE TELECOM, INC.
PERFORMANCE METRICS

	Actual 1999 1Q	2Q	3Q	4Q
Gross Margin %	24.0%	28.2%	43.0%	39.2%
SG&A as % of Rev	276.0%	173.4%	125.5%	107.4%
EBITDA as % of Rev	-252.0%	-145.2%	-82.6%	-68.2%
Annualized ($ in 000's)				
Average Revenue per Employee	$51.4	$65.8	$92.8	$95.0
SG&A per Employee	141.8	114.2	116.5	102.0
EBITDA per Employee	(129.5)	(95.6)	(76.6)	(64.8)
EBITDA per Line	(1.7)	(1.0)	(0.6)	(0.5)
Cum. Capital Expenditures per Line	3.1	2.7	2.2	1.9
Monthly:				
Average Revenue per Line	$51.76	$58.01	$70.46	$61.92
Network Expense per Line	39.34	41.63	40.17	37.66
SG&A per Line	142.86	100.62	88.46	66.49

ALLEGIANCE TELECOM, INC.
PERFORMANCE METRICS

	Actual 2000 1Q	2Q	3Q	4Q	Actual 2001 1Q
Gross Margin %	42.5%	45.1%	47.7%	50.4%	51.6%
SG&A as % of Rev	101.8%	90.0%	87.2%	81.8%	79.9%
EBITDA as % of Rev	-59.2%	-44.9%	-39.6%	-31.5%	-28.3%
Annualized ($ in 000's)					
Average Revenue per Employee	$98.7	$109.9	$116.7	$122.9	$119.6
SG&A per Employee	100.5	98.9	101.9	100.6	95.6
EBITDA per Employee	(58.5)	(49.4)	(46.2)	(38.7)	(33.9)
EBITDA per Line	(0.4)	(0.3)	(0.3)	(0.2)	(0.2)
Cum. Capital Expenditures per Line	1.8	1.6	1.6	1.5	1.4

Monthly:

Average Revenue per Line	$56.55	$58.17	$58.79	$57.21	$52.61
Network Expense per Line	32.49	31.94	30.76	28.40	25.46
SG&A per Line	57.55	52.35	51.30	46.82	42.05

ALLEGIANCE TELECOM, INC.
MARKET FINANCIAL DATA
(Dollars in thousands)
(Unaudited)

FIRST 9 MARKETS (A)

	Actual 1999			
	1Q	2Q	3Q	4Q
LINES IN SERVICE	70,939	100,118	138,148	182,151
REVENUE				
Local Service	$15,927	$19,812	$23,999	$28,162
Long Distance	423	567	724	856
Data	393	674	1,843	2,696
Total Revenue	$16,743	$21,054	$26,565	$31,715
GROSS MARGIN %	39.5%	40.7%	49.5%	52.7%
PRE-OVERHEAD EBITDA (B)	($5,045)	($4,875)	($2,385)	$475
PRE-OVERHEAD EBITDA %	-30.1%	-23.2%	-9.0%	1.5%
ADDRESSABLE SWITCHED ACCESS LINES (C)	4,561,531	5,370,951	5,923,239	6,468,292
PENETRATION %	1.6%	1.9%	2.3%	2.8%

ALLEGIANCE TELECOM, INC.
MARKET FINANCIAL DATA
(Dollars in thousands)
(Unaudited)

EARLY 9 MARKETS (A)

	Actual 2000				Actual 2001
	1Q	2Q	3Q	4Q	1Q
LINES IN SERVICE	228,208	274,740	316,592	376,046	425,380

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REVENUE					
Local Service	$34,951	$39,142	$43,155	$46,088	$48,752
Long Distance	1,287	1,582	2,144	2,553	2,879
Data	4,956	6,446	7,963	10,413	12,537
Total Revenue	$41,193	$47,169	$53,261	$59,054	$64,168
GROSS MARGIN %	55.4%	54.7%	56.3%	57.1%	59.0%
PRE-OVERHEAD EBITDA (B)	$4,922	$6,738	$9,103	$11,599	$14,323
PRE-OVERHEAD EBITDA %	11.9%	14.3%	17.1%	19.6%	22.3%
ADDRESSABLE SWITCHED ACCESS LINES (C)	6,990,236	7,556,349	7,887,217	8,051,487	8,383,468
PENETRATION %	3.3%	3.6%	4.0%	4.7%	5.1%

Notes:
(A) Includes New York, Dallas, Ft. Worth, Atlanta, Los Angeles, San Francisco, Chicago, Houston, and Boston.
(B) Represents earnings before interest, taxes, depreciation and amortization before corporate overhead allocation.
(C) Includes only lines on-switch.

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/Web site: http://www.allegiancetele.com /
(ALGX Q)

CO: Allegiance Telecom, Inc.; Qwest Communications International Inc.
ST: Texas, Illinois
IN: TLS
SU: ERN

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Apr 24 2001 16:08

PRN Allegiance Telecom Announces Solid Second Quarter Results
Jul 24 2001 13:03

Meets or Exceeds Targets for Revenue, Line Sales, Installations, and EBITDA

-- 2Q01 Revenues of $124.1 Million - Increased by 17.2 Percent Compared with 1Q01 and 96.9 Percent Compared with 2Q00
-- New Installs of 135,800 Lines and New Orders of 192,000 Lines
-- Total Lines in Service Increases to 869,700
-- 13 Markets Pre-Overhead EBITDA Positive in 2Q01, Driving Overall Company EBITDA Loss Margin from 28.3 Percent in 1Q01 to 22.7 Percent in 2Q01
-- 53 New Colocations for a Total of 740, Addressing Approximately 19.1 Million Business Lines "On-Switch"
-- Austin, Sacramento and Portland Service Initiated -- Allegiance's 30th, 31st and 32nd Markets
-- Electronic Bonding for Unbundled Loops in Operation for 95 Percent of Allegiance's Addressable Market
-- Completion of OSS Upgrades Will Improve Productivity for Second Half of 2001
-- Significant Network Upgrades including Rollout of Metropolitan and East Coast Corridor Fiber Networks and Connection of Major Markets with OC-48 Lambdas in Process
-- Allegiance Now Has 11 Markets with Facilities-Based Metropolitan Fiber Rings Operational

DALLAS, July 24 /PRNewswire/ -- Allegiance Telecom, Inc. (Nasdaq: ALGX), an integrated communications provider (ICP), announced second quarter 2001 revenues of $124.1 million, an increase of 17.2 percent as compared with 1Q01 and 96.9 percent compared with 2Q00. Lines sold as well as lines installed were quarterly records, with new lines sold increasing from 165,900 in 1Q01 to 192,000 lines in 2Q01. Lines installed also showed record growth, with new lines installed increasing from 126,200 in 1Q01 to 135,800 in 2Q01. To date, Allegiance has installed 869,700 lines of which 90 percent are "on-switch."

"I am pleased to report another successful quarter of significant top line growth. Even more important, we achieved this growth along with the rollout of three more markets while also reducing our EBITDA loss. In fact, our EBITDA loss margin improved by over 500 basis points sequentially from the first to the second quarter," said Royce J. Holland, chairman and CEO of Allegiance Telecom. "The OSS upgrade projects and fiber deployment activities that were completed in the second quarter along with ongoing system and network upgrade projects should facilitate continued EBITDA improvement in the second half of the year and reinforces the strength of our business model and clear path to profitability," he said.

Network Rollout Continues On Schedule

With the addition of three new markets (Austin and Sacramento in May and Portland in June) Allegiance Telecom's network rollout proceeded as

EXHIBIT 50

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forecasted. The Company had 32 markets operational at the end of 2Q01 including Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York, Northern New Jersey, Oakland, Orange County, Philadelphia, Phoenix, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa and Washington, D.C. White Plains, N.Y. was added in early July and three more markets are expected to become operational in 2001, bringing Allegiance's total to 36 markets.

Allegiance Telecom's robust gains in its addressable market continued during the second quarter, adding 53 new colocations. At the end of June, the Company was colocated in 740 central offices for unbundled loops, representing an addressable "on-switch" market of approximately 19.1 million local business access lines.

Allegiance now has 30 switches in operation, supporting the following markets: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas/Fort Worth (2), Denver, Detroit, Houston, Los Angeles, Miami/Ft. Lauderdale, Minneapolis/St. Paul, New York/Long Island (2), Northern New Jersey, Orange County, Philadelphia, Phoenix, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco/Oakland, San Jose, Seattle, Tampa and Washington, D.C.

Financial and Operational Highlights

Allegiance Telecom posted a strong sales increase for the quarter, with lines sold increasing from 165,900 lines in 1Q01 to 192,000 in 2Q01, an increase of 15.7 percent compared with 1Q01 and an increase of 56.4 percent compared with 2Q00. Lines installed also showed noteworthy growth, with lines installed increasing from 126,200 in 1Q01 to 135,800 in 2Q01, a 7.6 percent increase in new installs compared to 1Q01 and an increase of 45.2 percent over 2Q00.

For the second quarter ended June 30, 2001, Allegiance Telecom had consolidated revenues of $124.1 million. This represents an increase of 17.2 percent as compared with 1Q01 and an increase of 96.9 percent over 2Q00. Allegiance continues to use its capital to support the development of new and existing markets, resulting in a second quarter EBITDA (earnings before interest, taxes, depreciation and amortization, excluding management ownership allocation charge and non-cash deferred compensation expenses) loss of $28.1 million and capital expenditures of $114.8 million. The Company continued on its path to profitability with EBITDA loss as a percent of revenue for the quarter at 22.7 percent, versus 28.3 percent in 1Q01 and 44.9 percent for 2Q00.

Gross margin remained stable for 2Q01 on a sequential basis at 51.0 percent and was up from 45.2 percent in 2Q00.

"Allegiance Telecom used approximately $156 million of its cash and short-term investments during the second quarter to further expand its operations, capital expenditures related to switching platforms, colocations, construction of its SONET fiber networks and its data network -- which supports the

Company's product suite of local, long distance, data and Internet services -- and net interest expense," said Thomas M. Lord, Allegiance executive vice president of corporate development and chief financial officer. "At June 30, 2001, Allegiance had an undrawn committed credit facility of $500 million and more than $312 million of cash and short-term investments. We believe that this liquidity fully funds Allegiance's 36-market business plan," he said.

Early Markets Continue To Demonstrate Move Toward Profitability

To demonstrate its progress toward profitability, Allegiance Telecom began reporting operating results in 4Q00 for nine of its markets that began service in 1998 or early 1999 that became pre-overhead EBITDA positive during the fourth quarter (before corporate overhead allocation). These nine markets are Dallas, New York, Atlanta, Fort Worth, Chicago, Los Angeles, San Francisco, Boston and Houston. In the first quarter of 2001, Philadelphia and San Diego turned pre-overhead EBITDA positive. During the second quarter of 2001, two additional markets, Baltimore and San Jose, also became pre-overhead EBITDA positive, moving Allegiance's total to 13 pre-overhead EBITDA positive markets.

In 2Q01, the nine early markets continued to show growth and margin improvements. New line installations increased by 57,281 lines, resulting in an improvement of 16.1 percent compared with 1Q01. Lines installed in these nine markets now total 482,661 for an increase of 75.7 percent compared to 2Q00 installed base of 274,740 lines. Revenue increased to $66.4 million, an increase of 3.4 percent compared with 1Q01 and 40.7 percent more than 2Q00. Gross margin improved to 60.7 percent of revenue. Pre-overhead EBITDA was a positive $17.3 million, increasing sequentially 21.1 percent. This $17.3 million represents a pre-overhead EBITDA margin of 26.1 percent versus 14.3 percent for 2Q00.

"The consistent performance of these nine markets in terms of revenue growth, and most notably pre-overhead EBITDA margin growth, demonstrates the Allegiance business plan is working as we anticipated," said Holland. "Allegiance Telecom's movement up the growth curve continues, cutting consolidated EBITDA loss margin from 28.3 percent in 1Q01 to 22.7 percent in 2Q01. We expect to see additional markets turning pre-overhead EBITDA positive during the remainder of 2001. Overall company EBITDA loss margins should continue to diminish throughout the year, setting up Allegiance to turn EBITDA positive during 2002."

Network Improvement: Metro Rings, Long Haul Fiber and OC-48 Upgrade

During the second quarter, Allegiance made significant progress in upgrading its network with the lighting of metropolitan fiber rings. To date, 11 Allegiance markets (Austin, Dallas, Denver, Houston, New York, Northern New Jersey, Philadelphia, Portland, St. Louis, Seattle and Washington, D.C.) are served by fiber. These rings provide improved network capacity, operational efficiency, improved financial margins and route redundancy, further increasing the reliability of the Allegiance network. During the second half of the year, additional rings will be lit in 10 more Allegiance markets, with

a year-end total of 21 markets served by fiber rings.

The Company also is announcing plans to upgrade its long-haul capacity network and is planning to replace leased DS-3 connections with the faster, more efficient OC-48 lambdas linking its largest markets across the country. Allegiance expects to begin the transition in the third quarter and complete the task by the end of 2001.

The Company is also in the process of lighting its fully redundant intercity fiber rings in the Northeast corridor linking its markets in Boston, New York, Long Island, Northern New Jersey, Philadelphia, Baltimore and Washington D.C. with a seamless, high capacity network. The transport capacity will enhance Allegiance's capability to integrate acquisitions and improve the company's ability to establish peering agreements as well as improving margins. "As a buyer taking advantage of favorable transport market conditions, Allegiance Telecom is building one of the least expensive and best performing Internet backbones in the industry," said Dan Yost, Allegiance Telecom president and chief operating officer. "And because it's created to better serve existing customers, this investment in a strategic network asset provides immediate returns with little or no risk."

Productivity Enhancements to Operations Support Systems (OSS)

Allegiance has always believed that the key to scaling the business and improving margins is an integrated and automated back office including the operations support systems (OSS) and business processes. The second quarter marked a milestone in that several major OSS upgrade projects were completed and integrated into the business processes, resulting in productivity improvements which should begin to be realized in the second half of 2001.

One of these projects which has been in process for over three years is electronic bonding with the incumbent local exchange carriers (ILECs) for the provisioning of unbundled loops. During the second quarter, Allegiance and Verizon completed electronic bonding for the Verizon South territory which includes the Allegiance Telecom markets of Northern New Jersey, Philadelphia, Baltimore and Washington, D.C. (and later this year, Pittsburgh, Pa.). This milestone virtually completes Allegiance's goal of implementing electronic bonding with all of the territories served by the regional Bell operating companies, giving Allegiance Telecom an extensive, national electronic bonding capability covering about 95 percent of Allegiance's addressable market. The remaining areas which still require extensive manual processing of provisioning orders are the old GTE territories which are now part of Verizon. These include the following Allegiance markets which represent about 5 percent of Allegiance's addressable market: Tampa and some suburban areas in the Dallas, Southern California, Portland, and Seattle markets. Allegiance and Verizon have recently begun work on electronic bonding for these areas.

Allegiance also implemented a number of system upgrades to improve productivity in its back office operations. A significant upgrade in terms of scalability and productivity improvement is the rollout of the Allegiance Back Office Gateway, a "switchboard" or event manager that integrates multiple platforms and business events including billing activation and installations,

thus streamlining the workflow process. Automated billing record creation and activation for unbundled loop products and features have eliminated manual data entry for billing, resulting in a seamless flow-through from provisioning to billing in all Allegiance markets and significantly improved data integrity for customer records. During the last half of the year, this functionality will be extended to broadband products and move, add, and change activities.

Another major productivity improvement will result from the recent completion of the Automated Cutsheet and Firm Order Commitment (FOC) Upload System. By eliminating a series of labor intensive processes in the coordination of customer cutover information, Allegiance is significantly reducing premature cutovers and rescheduling of cutovers as well as eliminating a number of headcount additions as it continues to scale the business. The FOC Upload process interfaces directly with the electronic bonding gateways with the ILECs and automatically updates Allegiance's OSS data bases, thus eliminating significant manual entry of data and ensuring data integrity by eliminating keypunch errors.

"A number of key system automation projects were completed in the second quarter which should produce productivity improvements and facilitate the continued scaling of the installation process," said Tony Parella, Allegiance executive vice president. "As a result, we have already revised our second half budget which will result in a budget plan improvement for SG&A expenses and EBITDA margins. These improvements, as well as ongoing OSS upgrade projects, are key factors in our path to profitability."

Allegiance began the initial testing of the ADC Singl.eView(TM) billing system in June. The initial rollout is for wholesale broadband customers. Beginning in the fourth quarter 2001, Allegiance expects the enterprise-class billing system to be implemented on a market-by-market basis for new retail customers, providing increased flexibility in product packaging and improved billing and collections capabilities through more automated workflow. To avoid any disruptions to existing retail customers, Allegiance is taking a very conservative approach to the rollout of the ADC Singl.eView billing system and will not migrate existing customers to the new system until it has been thoroughly tested over a significant period of time for new customer additions.

Regulatory Certifications

Allegiance Telecom is certificated to provide local exchange services in 24 states and Washington D.C., including Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Minnesota, New Jersey, New York, Maryland, Massachusetts, Michigan, Missouri, Nevada, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Virginia, Washington State and Wisconsin.

Corporate Background

Based in Dallas, Allegiance Telecom is a facilities-based integrated communications provider (ICP) offering businesses a complete package of telecommunications services, including local, long distance, international

calling, high-speed data transmission and Internet services. Allegiance is currently operational in 33 U.S. markets including: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York, Northern New Jersey, Oakland, Orange County, Philadelphia, Phoenix, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington D.C. and White Plains, N.Y. The Company is targeting a total of 36 major metropolitan areas with its "one-stop shopping" approach. The Company's Web address is: http://www.algx.com . Allegiance's common stock is traded on the Nasdaq National Market under the symbol ALGX.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. The words "believes," "expects," "estimates," "anticipates," "plans," "will be" and "forecasts" and similar words or expressions identify forward-looking statements made by or on behalf of the Company. These forward-looking statements were derived using numerous assumptions and are subject to many uncertainties and factors which may cause the actual results of the Company to be materially different from those stated in such forward-looking statements. Examples of such uncertainties and factors include, but are not limited to, the Company's ability to timely and effectively provision new customers; technological, regulatory or other developments in the industry; and the ability to develop and maintain efficient billing, customer service and information systems. Additional factors are set forth in the Company's SEC reports, including but not limited to the Annual Report on Form 10-K for the year ended December 31, 2000. The Company does not undertake any obligation to update or revise any forward-looking statement made by it or on its behalf, whether as a result of new information, future events or otherwise.

ALLEGIANCE TELECOM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share and per share amounts)

	Three Months Ended June 30, 2001 (unaudited)	Three Months Ended June 30, 2000 (unaudited)	Six Months Ended June 30, 2001 (unaudited)	Six Months Ended June 30, 2000 (unaudited)
Revenues	$124,059	$63,006	$229,933	$110,167
Network Costs	60,801	34,550	112,029	61,670
Gross Margin %	51.0%	45.2%	51.3%	44.0%
Selling, General				

and Administrative	91,394	56,743	176,015	104,734
Depreciation, Amortization and Noncash Compensation	61,985	29,537	119,403	55,317
Loss From Operations	(90,121)	(57,824)	(177,514)	(111,554)
Other Income (Expense)				
Interest Income	3,181	16,441	10,229	29,895
Interest Expense	(16,398)	(15,347)	(32,393)	(36,341)
Other Income (Expense), net	(13,217)	1,094	(22,164)	(6,446)
Net Loss Applicable to Common Stock	$(103,338)	$(56,730)	$(199,678)	$(118,000)
Net Loss Per Share, basic and diluted (A)	$(0.92)	$(0.52)	$(1.79)	$(1.11)
Weighted Average Shares Outstanding, basic and diluted (A)	112,856,763	108,377,432	111,799,824	106,235,098
Other Financial Data:				
EBITDA (B)	$(28,136)	$(28,287)	$(58,111)	$(56,237)
Capital Expenditures	114,777	95,118	230,605	195,127

Notes:
(A) The basic and diluted net loss per share reflect the three-for-two stock split, which occurred on February 28, 2000.
(B) EBITDA excludes non-cash compensation expense.

ALLEGIANCE TELECOM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)

PRN Allegiance Telecom Announces Solid Second Quarter Results
Jul 24 2001 13:03

	June 30, 2001 (unaudited)	December 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents, and short-term investments (A)	$312,383	$670,911
Other current assets	133,831	99,366
Total current assets	446,214	770,277
PROPERTY AND EQUIPMENT		
Property and equipment	1,181,156	907,182
Accumulated Depreciation	(241,769)	(162,279)
Total property and equipment, net	939,387	744,903
NON-CURRENT ASSETS (B)	168,443	153,659
TOTAL ASSETS	$1,554,044	$1,668,839
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES	$118,687	$139,070
LONG-TERM DEBT	565,338	566,312
OTHER LONG-TERM LIABILITIES	47,777	4,972
STOCKHOLDERS' EQUITY	822,242	958,485
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,554,044	$1,668,839
COMMON SHARES OUTSTANDING	112,916,347	110,064,619

Notes:
(A) Includes restricted short-term investments of $0 and $12,952 at June 30, 2001 and December 31, 2000, respectively.
(B) Includes restricted long-term investments of $954 and $829 at June 30, 2001 and December 31, 2000, respectively.

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Selected Operational Statistics

	As of June 30, 2001	As of March 31, 2001	As of December 31, 2000	As of June 30, 2000
Markets Served	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul Phoenix Tampa San Antonio Ft. Lauderdale Austin Sacramento Portland	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul Phoenix Tampa San Antonio Ft. Lauderdale	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul Phoenix Tampa	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami
# of Markets	32	29	27	24

# of Switches	30	27	26	20
Central Offices Colocated	740	687	636	475
Addressable Markets (Lines) via Colocated Co's	19,090,000	17,810,000	16,460,000	13,230,000
Sales Headcount	1,612	1,471	1,333	1115
Total Headcount	3,874	3,834	3,249	2,548
Lines Installed	869,700	733,900	607,700	407,800

* Note: Sales Headcount includes Sales Team Managers, Account Executives and Sales Administrators

ALLEGIANCE TELECOM, INC.
PERFORMANCE METRICS

	1999			
	1Q	2Q	3Q	4Q
Gross Margin %	24.0%	28.2%	43.0%	39.2%
SG&A as % of Rev	276.0%	173.4%	125.5%	107.4%
EBITDA as % of Rev	-252.0%	-145.2%	-82.6%	-68.2%
Annualized ($ in 000's)				
Average Revenue per Employee	$51.4	$65.8	$92.8	$95.0
SG&A per Employee	141.8	114.2	116.5	102.0
EBITDA per Employee	(129.5)	(95.6)	(76.6)	(64.8)
EBITDA per Line	(1.7)	(1.0)	(0.6)	(0.5)
Cum. Capital Expenditures per Line	3.1	2.7	2.2	1.9
Monthly:				
Average Revenue per Line	$51.76	$58.01	$70.46	$61.92
Network Expense				

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per Line	39.34	41.63	40.17	37.66
SG&A per Line	142.86	100.62	88.46	66.49

	2000			
Gross Margin	%42.5%	45.2%	47.7%	50.4%
SG&A as % of Rev	101.8%	90.0%	87.2%	81.8%
EBITDA as % of Rev	-59.2%	-44.9%	-39.6%	-31.5%
Annualized ($ in 000's)				
Average Revenue per Employee	$98.7	$109.9	$116.7	$122.9
SG&A per Employee	100.5	98.9	101.9	100.6
EBITDA per Employee	(58.5)	(49.4)	(46.2)	(38.7)
EBITDA per Line	(0.4)	(0.3)	(0.3)	(0.2)
Cum. Capital Expenditures per Line	1.8	1.6	1.6	1.5
Monthly:				
Average Revenue per Line	$56.55	$58.17	$58.79	$57.21
Network Expense per Line	32.49	31.94	30.76	28.40
SG&A per Line	57.55	52.35	51.30	46.82

	2001	
	1Q	2Q
Gross Margin %	51.6%	51.0%
SG&A as % of Rev	79.9%	73.7%
EBITDA as % of Rev	-28.3%	-22.7%
Annualized ($ in 000's)		
Average Revenue per Employee	$119.6	$128.8
SG&A per Employee	95.6	94.9
EBITDA per Employee	(33.9)	(29.2)
EBITDA per Line	(0.2)	(0.1)

Cum. Capital Expenditures per Line	1.4	1.3
Monthly:		
Average Revenue per Line	$52.61	$51.58
Network Expense per Line	25.46	25.28
SG&A per Line	42.05	37.99

ALLEGIANCE TELECOM
MARKET FINANCIAL DATA
(Dollars in Thousands)
(Unaudited)

EARLY 9 MARKETS (A)

	1999 1Q	2Q	3Q	4Q
LINES IN SERVICE	70,939	100,118	138,148	182,151
REVENUE				
Local Service	$15,927	$19,812	$23,999	$28,162
Long Distance	423	567	724	856
Data	393	674	1,843	2,696
Total Revenue	$16,743	$21,054	$26,565	$31,715
GROSS MARGIN %	39.5%	40.7%	49.5%	52.7%
PRE-OVERHEAD EBITDA (B)	($5,045)	($4,875)	($2,385)	$475
PRE-OVERHEAD EBITDA %	-30.1%	-23.2%	-9.0%	1.5%
ADDRESSABLE SWITCHED ACCESS LINES (C)	4,561,531	5,370,951	5,923,239	6,468,292
PENETRATION %	1.6%	1.9%	2.3%	2.8%

EARLY 9 MARKETS (A)

	2000 1Q	2Q	3Q	4Q

LINES IN SERVICE	228,208	274,740	316,592	376,046
REVENUE				
Local Service	$34,951	$39,142	$43,155	$46,088
Long Distance	1,287	1,582	2,144	2,553
Data	4,956	6,446	7,963	10,413
Total Revenue	$41,193	$47,169	$53,261	$59,054
GROSS MARGIN %	55.4%	54.7%	56.3%	57.1%
PRE-OVERHEAD EBITDA (B)	$4,922	$6,738	$9,103	$11,599
PRE-OVERHEAD EBITDA %	11.9%	14.3%	17.1%	19.6%
ADDRESSABLE SWITCHED ACCESS LINES (C)	6,990,236	7,556,349	7,887,217	8,051,487
PENETRATION %	3.3%	3.6%	4.0%	4.7%

EARLY 9 MARKETS (A)

	2001 1Q	2001 2Q
LINES IN SERVICE	425,380	482,661
REVENUE		
Local Service	$48,752	$49,238
Long Distance	2,879	2,970
Data	12,537	14,161
Total Revenue	$64,168	$66,369
GROSS MARGIN %	59.0%	60.7%
PRE-OVERHEAD EBITDA (B)	$14,323	$17,345
PRE-OVERHEAD EBITDA %	22.3%	26.1%
ADDRESSABLE SWITCHED ACCESS LINES (C)	8,383,468	8,754,124
PENETRATION %	5.1%	5.5%

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Notes:

(A) Includes New York, Dallas, Ft. Worth, Atlanta, Los Angeles, San Francisco, Chicago, Houston, and Boston.
(B) Represents earnings before interest, taxes, depreciation and amortization before corporate overhead allocation.
(C) Includes only lines on-switch.

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(ALGX)

CO: Allegiance Telecom, Inc.
ST: Texas
IN: TLS
SU: ERN

-0- Jul/24/2001 20:03 GMT

PRN Allegiance Telecom Announces Robust Third Quarter Results
Oct 23 2001 13:04

One Millionth Line Installed; Revenues, Sales, Installations and EBITDA On Track With Pre-Release

- 3Q01 Revenues of $135.1 Million -- Increased by 8.9 Percent Compared with 2Q01 and 68.9 Percent Compared with 3Q00
- New Installs of 136,200 Lines and New Orders of 182,000 Lines
- Total Lines in Service Increases to 1,005,900
- 14 Markets Pre-Overhead EBITDA Positive in 3Q01, Driving Overall Company
- Adjusted EBITDA Loss Margin from 22.7 Percent in 2Q01 to 19.6 Percent in 3Q01
- 32 New Colocations for a Total of 772, Addressing Approximately 19.85 Million Business Lines "On-Switch"
- White Plains, N.Y. and Ontario/Riverside, Calif. Service Initiated -- Allegiance Telecom's 33rd and 34th Markets
- $350 Million Credit Draw Takes Advantage of Favorable, Historically Low Interest Rates
- Allegiance Now Has 14 Markets with Facilities-Based Metropolitan Fiber Rings Operational

DALLAS, Oct. 23 /PRNewswire/ -- Allegiance Telecom, Inc. (Nasdaq: ALGX), an integrated communications provider (ICP), announced third quarter 2001 revenues of $135.1 million, an increase of 8.9 percent as compared with 2Q01 and 68.9 percent compared with 3Q00. Allegiance Telecom sold 182,000 new lines in 3Q01, consistent with plan. Lines installed for 3Q01 totaled 136,200. With the installation of its one millionth line during the quarter, Allegiance Telecom now has an installed base of 1,005,900 lines; 91 percent of them are "on-switch."

"While the tragic events of September 11 had a one time impact on September and October growth, Allegiance Telecom met or exceeded all metrics we set forth in our pre-release issued on September 26th. Significant growth in revenues, installations and adjusted EBITDA were achieved during a difficult third quarter for the U.S. economy," said Royce J. Holland, chairman and CEO of Allegiance Telecom. "Our continued progress toward profitability, despite challenging economic conditions, showcases the soundness of the Allegiance business model."

Network Rollout Continues On Schedule

With the addition of two new markets (White Plains, N.Y. in July and Ontario/Riverside, Calif. in August), Allegiance Telecom's network rollout proceeded according to plan. The Company had 34 markets operational at the end of 3Q01 including Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York, Northern New Jersey, Oakland, Ontario/Riverside, Orange County, Philadelphia, Phoenix, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington, D.C. and White Plains. Two additional markets,

EXHIBIT 51

Pittsburgh and West Palm Beach, Fla., are expected to become operational during the fourth quarter 2001, completing Allegiance's planned total of 36 markets.

Allegiance Telecom's strong gains in its addressable market continued during the third quarter, with the addition of 32 new colocations. At the end of September, the Company was colocated in 772 central offices for unbundled loops, representing an addressable "on-switch" market of approximately 19.85 million local business access lines.

Allegiance has 30 telecommunications switches in operation, supporting the following markets: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas & Fort Worth (2), Denver, Detroit, Houston, Los Angeles, Miami & Ft. Lauderdale, Minneapolis & St. Paul, New York & Long Island & White Plains (2), Northern New Jersey, Orange County & Ontario/Riverside, Philadelphia, Phoenix, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco & Oakland, San Jose, Seattle, Tampa and Washington, D.C.

Financial and Operational Highlights

Allegiance Telecom line sales held steady during the quarter, with 182,000 lines sold in 3Q01, an increase of 34.3 percent compared with 3Q00. Lines installed showed modest improvement, with the milestone of Allegiance's one millionth installed line occurring during 3Q01.

Lines installed increased from 135,800 in 2Q01 to 136,200 in 3Q01, a 0.3 percent increase in new installs compared to 2Q01 and an increase of 48.2 percent over 3Q00.

For the third quarter ended September 30, 2001, Allegiance Telecom had consolidated revenues of $135.1 million, an increase of 8.9 percent as compared with 2Q01 and an increase of 68.9 percent over 3Q00. Allegiance continues to use its capital to support the development of new and existing markets, resulting in a third quarter adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, excluding management ownership allocation charge and non-cash deferred compensation expenses) loss of $26.4 million and capital expenditures of $88.4 million. Allegiance Telecom maintained its drive to profitability with adjusted EBITDA loss as a percentage of revenue for the quarter at 19.6 percent, compared with 22.7 percent in 2Q01 and 39.6 percent for 3Q00.

"Allegiance capitalized on some favorable buying opportunities in the latter part of the third quarter, resulting in an acceleration of capital expenditures from the fourth quarter to the third quarter," said Dan Yost, president and chief operating officer of Allegiance Telecom. "We expect capex in 4Q01 to decline dramatically with our capex budget for 2001 remaining unchanged at about $365 million."

Gross margin for 3Q01 was 51.4 percent, up from 51.0 percent in 2Q01 and from 47.7 percent in 3Q00.

Taking advantage of historic, 40-year lows in interest rates, Allegiance Telecom drew $350 million from its 27-member senior credit syndicate on September 17, 2001, one of the first major funding transactions to occur since the terrorist attacks on the United States. Allegiance elected to draw down

its $150 million delayed draw term loan due December 31, 2006 and a $200 million revolving loan, also due on December 31, 2006. $150 million remains undrawn in Allegiance's $500 million credit facility.

"Drawing on the credit facility provided Allegiance with a tremendous opportunity to lock in attractive interest rates to continue to fund our business plan," said Thomas M. Lord, Allegiance Telecom executive vice president of corporate development and chief financial officer. "Drawing funds in mid-September at an initial interest rate of 6.28 percent allowed us to take full advantage of the significant interest rate cuts implemented by the Federal Reserve this year."

"We remain comfortable with the covenants in the form in which they were set when this facility was established in February 2000. Allegiance has not sought to amend these covenants in any respect," Lord said. "The $350 million is being invested in short term Treasury securities, consistent with our cash investment policies. During the fourth quarter, we expect to effectively lock in our borrowing cost by using hedging techniques to move the floating rate debt to a fixed rate basis."

"Due to the acceleration of capex to take advantage of significant savings in equipment purchases, Allegiance Telecom used approximately $125 million of its cash and short-term investments during the third quarter to further expand its operations, capital expenditures related to switching platforms, colocations, construction of its SONET fiber networks and its data network -- which supports the Company's product suite of local, long distance, data and Internet services -- and net interest expense," said Lord. "As a result, we expect cash burn to decline significantly in the fourth quarter due to much lower captial expenses and continuing EBITDA improvement. At September 30, 2001, Allegiance had an undrawn committed credit facility of $150 million and more than $537 million of cash and short-term investments. We believe that this liquidity fully funds Allegiance's 36-market business plan," he said.

Early Markets Continue To Demonstrate Move Toward Profitability

To demonstrate its progress toward profitability, Allegiance Telecom began reporting operating results in 4Q00 for nine of its markets that began service in 1998 or early 1999 that became pre- overhead EBITDA positive during the fourth quarter (before corporate overhead allocation). These nine markets are Dallas, New York, Atlanta, Fort Worth, Chicago, Los Angeles, San Francisco, Boston and Houston. In the first quarter of 2001, Philadelphia and San Diego turned pre-overhead EBITDA positive, as did Baltimore and San Jose during the second quarter. During 3Q01, Orange County became pre-overhead EBITDA positive, bringing Allegiance's total to 14 pre-overhead EBITDA positive markets.

In 3Q01, the nine early markets continued to show growth and margin improvements. New line installations were 45,900 lines, resulting in an improvement of 9.5 percent compared with 2Q01. Lines installed in these nine markets now total 528,600, an increase of 67.0 percent compared to 3Q00 installed base of 316,600 lines. Revenue rose to $71.2 million, an increase of 7.3 percent compared with 2Q01 and 33.7 percent more than 3Q00. Gross

margin improved to 61.3 percent of revenue. Pre-overhead EBITDA was a positive $20.1 million, increasing sequentially 15.7 percent from 2Q01. This $20.1 million represents a pre-overhead EBITDA margin of 28.2 percent versus 17.1 percent for 3Q00.

"The steady performance of these nine markets, especially when measured by revenue growth and pre-overhead EBITDA margin improvement, spotlights the solid foundation of Allegiance Telecom's business plan" said Holland. "Allegiance Telecom's steady growth continues, lowering consolidated adjusted EBITDA loss margin from 22.7 percent in 2Q01 to 19.6 percent in 3Q01. We expect additional markets to turn pre-overhead EBITDA positive during the fourth quarter of 2001 and overall company adjusted EBITDA loss margins should continue to diminish, setting up Allegiance to turn EBITDA positive during 2002."

Network Improvement: Metro Rings, Long Haul Fiber and OC-48 Upgrade

During 3Q01, Allegiance continued upgrading its network with the lighting of metropolitan fiber rings. To date, 14 Allegiance markets (Austin, Chicago, Dallas, Denver, Ft. Worth, Houston, New York, Northern New Jersey, Philadelphia, Portland, St. Louis, Seattle, Washington, D.C. and White Plains) are now served by fiber. These rings provide improved network capacity, operational efficiency, improved financial margins and route redundancy, further increasing the reliability of the Allegiance network. During the remainder of the year, additional rings will be lit in 7 more Allegiance markets, with a year-end total of 21 markets served by fiber rings.

The Company is upgrading its long-haul capacity network and is replacing leased DS-3 connections with the faster, more efficient OC-48 lambdas linking its largest markets across the country. This transition, initiated in the third quarter, is expected to be complete by the end of 2001.

The Company is also continuing in the process of lighting its fully redundant intercity fiber rings in the Northeast corridor linking its markets in Boston, New York, Long Island, Northern New Jersey, Philadelphia, Baltimore and Washington D.C. with a seamless, high capacity network. This transport capacity will enhance Allegiance's capability to provide integrated solutions and improve the company's ability to establish peering agreements as well as improving margins.

Regulatory Certifications

Allegiance Telecom is certificated to provide local exchange services in 24 states and Washington D.C., including Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Minnesota, New Jersey, New York, Maryland, Massachusetts, Michigan, Missouri, Nevada, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Virginia, Washington State and Wisconsin.

Corporate Background

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telecommunications services, including local, long distance, international calling, high-speed data transmission and Internet services. Allegiance is currently operational in 34 U.S. markets including: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York, Northern New Jersey, Oakland, Ontario/Riverside, Orange County, Philadelphia, Phoenix, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington D.C. and White Plains, N.Y. The Company is targeting a total of 36 major metropolitan areas. The Company's Web address is: www.algx.com . Allegiance's common stock is traded on the Nasdaq National Market under the symbol ALGX.

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ALLEGIANCE TELECOM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)

	Three Months Ended September 30, 2001 (unaudited)	Three Months Ended September 30, 2000 (unaudited)	Nine Months Ended September 30, 2001 (unaudited)	Nine Months Ended September 30, 2000 (unaudited)
Revenues	$135,137	$80,031	$365,070	$190,198
Network Costs	65,714	41,875	177,743	103,545

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Gross Margin %	51.4%	47.7%	51.3%	45.6%
Selling, General and Administrative	95,864	69,854	271,879	174,588
Depreciation, Amortization and Noncash Compensation	65,880	40,463	185,283	95,780
Loss From Operations	(92,321)	(72,161)	(269,835)	(183,715)
Other Income (Expense)				
Interest Income	4,508	15,131	14,737	45,026
Interest Expense	(18,724)	(16,302)	(51,117)	(52,643)
Other Income (Expense), net	(14,216)	(1,171)	(36,380)	(7,617)
Net Loss Applicable to Common Stock	$(106,537)	$(73,332)	$(306,215)	$(191,332)
Net Loss Per Share, basic and diluted (A)	$(0.94)	$(0.67)	$(2.72)	$(1.79)
Weighted Average Shares Outstanding, basic and diluted (A)	113,704,107	108,949,104	112,441,562	107,147,319
Other Financial Data:				
EBITDA (B)	$(26,441)	$(31,698)	$(84,552)	$(87,935)
Capital Expenditures	88,385	137,575	318,990	332,703

Notes:
(A) The basic and diluted net loss per share reflect the three-for-two stock split, which occurred on February 28, 2000.
(B) EBITDA excludes non-cash compensation expense.

ALLEGIANCE TELECOM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

PRN Allegiance Telecom Announces Robust Third Quarter Results
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	September 30, 2001 (unaudited)	December 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents, and short-term investments (A)	$537,581	$670,911
Other current assets	137,699	99,366
Total current assets	675,280	770,277
PROPERTY AND EQUIPMENT		
Property and equipment	1,297,344	907,182
Accumulated Depreciation	(294,911)	(162,279)
Total property and equipment, net	1,002,433	744,903
NON-CURRENT ASSETS (B)	185,817	153,659
TOTAL ASSETS	$1,863,530	$1,668,839
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES	$137,902	$139,070
LONG-TERM DEBT	983,214	566,312
OTHER LONG-TERM LIABILITIES	12,474	4,972
STOCKHOLDERS' EQUITY	729,940	958,485
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,863,530	$1,668,839
COMMON SHARES OUTSTANDING	114,555,096	110,064,619

Notes:
(A) Includes restricted short-term investments $0 and $12,952 at September 30, 2001 and December 31, 2000, respectively.
(B) Includes restricted long-term investments of $954 and $829 at September 30, 2001 and December 31, 2000, respectively.

Selected Operational Statistics

As of As of

PRN Allegiance Telecom Announces Robust Third Quarter Results
Oct 23 2001 13:04

	September 30, 2001	As of June 30, 2001	As of March 31, 2001	September 30, 2000
Markets Served	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul Phoenix Tampa San Antonio Ft. Lauderdale Austin Sacramento Portland White Plains Ontario/Riverside	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul Phoenix Tampa San Antonio Ft. Lauderdale Austin Sacramento Portland	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul Phoenix Tampa San Antonio Ft. Lauderdale	New York Dallas Atlanta Fort Worth Los Angeles Chicago Boston Oakland San Francisco Philadelphia Washington, D.C. San Jose Orange County Houston No. New Jersey Long Island San Diego Detroit Baltimore Denver St. Louis Cleveland Seattle Miami Minneapolis/ St. Paul
# of Markets	34	32	29	25
# of Switches	30	30	27	24

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Central Offices Colocated	772	740	687	552
Addressable Markets (Lines) via Colocated Co's	19,850,000	19,090,000	17,810,000	14,730,000
Sales Headcount	1,571	1,612	1,471	1,231
Total Headcount	3,948	3,874	3,834	2,936
Lines Installed	1,005,900	869,700	733,900	499,700

* Note: Sales Headcount includes Sales Team Managers, Account Executives and Sales Administrators

ALLEGIANCE TELECOM, INC.
PERFORMANCE METRICS

	Actual 1999			
	1Q	2Q	3Q	4Q
Gross Margin %	24.0%	28.2%	43.0%	39.2%
SG&A as % of Rev	276.0%	173.4%	125.5%	107.4%
EBITDA as % of Rev	-252.0%	-145.2%	-82.6%	-68.2%
Annualized ($ in 000's)				
Average Revenue per Employee	$51.4	$65.8	$92.8	$95.0
SG&A per Employee	141.8	114.2	116.5	102.0
EBITDA per Employee	(129.5)	(95.6)	(76.6)	(64.8)
EBITDA per Line	(1.7)	(1.0)	(0.6)	(0.5)
Cum. Capital Expenditures per Line	3.1	2.7	2.2	1.9
Monthly:				
Average Revenue per Line	$51.76	$58.01	$70.46	$61.92
Network Expense per Line	39.34	41.63	40.17	37.66
SG&A per Line	142.86	100.62	88.46	66.49

Actual

PRN Allegiance Telecom Announces Robust Third Quarter Results
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	2000 1Q	2000 2Q	2000 3Q	2000 4Q
Gross Margin %	42.5%	45.2%	47.7%	50.4%
SG&A as % of Rev	101.8%	90.0%	87.2%	81.8%
EBITDA as % of Rev	-59.2%	-44.9%	-39.6%	-31.5%
Annualized ($ in 000's)				
Average Revenue per Employee	$98.7	$109.9	$116.7	$122.9
SG&A per Employee	100.5	98.9	101.9	100.6
EBITDA per Employee	(58.5)	(49.3)	(46.2)	(38.7)
EBITDA per Line	(0.4)	(0.3)	(0.3)	(0.2)
Cum. Capital Expenditures per Line	1.8	1.6	1.6	1.5
Monthly:				
Average Revenue per Line	$56.55	$58.17	$58.79	$57.21
Network Expense per Line	32.49	31.90	30.76	28.40
SG&A per Line	57.55	52.35	51.30	46.82

	Actual 2001 1Q	Actual 2001 2Q	Actual 2001 3Q
Gross Margin %	51.6%	51.0%	51.4%
SG&A as % of Rev	79.9%	73.7%	70.9%
EBITDA as % of Rev	-28.3%	-22.7%	-19.6%
Annualized ($ in 000's)			
Average Revenue per Employee	$119.6	$128.8	$138.2
SG&A per Employee	95.6	94.9	98.0
EBITDA per Employee	(33.9)	(29.2)	(27.0)
EBITDA per Line	(0.2)	(0.1)	(0.1)
Cum. Capital Expenditures per Line	1.4	1.3	1.2
Monthly:			
Average Revenue per Line	$52.61	$51.58	$48.03
Network Expense per Line	25.46	25.28	23.36
SG&A per Line	42.05	37.99	34.07

ALLEGIANCE TELECOM, INC.
MARKET FINANCIAL DATA
(Dollars in thousands)
(Unaudited)

FIRST 9 MARKETS (A)

	Actual 1999			
	1Q	2Q	3Q	4Q
LINES IN SERVICE	70,939	100,118	138,148	182,151
REVENUE				
Local Service	$15,927	$19,812	$23,999	$28,162
Long Distance	423	567	724	856
Data	393	674	1,843	2,696
Total Revenue	$16,743	$21,054	$26,565	$31,715
GROSS MARGIN %	39.5%	40.7%	49.5%	52.7%
PRE-OVERHEAD EBITDA (B)	($5,045)	($4,875)	($2,385)	$475
PRE-OVERHEAD EBITDA %	-30.1%	-23.2%	-9.0%	1.5%
ADDRESSABLE SWITCHED ACCESS LINES (C)	4,561,531	5,370,951	5,923,239	6,468,292
PENETRATION %	1.6%	1.9%	2.3%	2.8%

Notes:

(A) Includes New York, Dallas, Ft. Worth, Atlanta, Los Angeles, San Francisco, Chicago, Houston, and Boston.
(B) Represents earnings before interest, taxes, depreciation and amortization before corporate overhead allocation.
(C) Includes only lines on-switch.

ALLEGIANCE TELECOM, INC.
MARKET FINANCIAL DATA
(Dollars in thousands)
(Unaudited)

FIRST 9 MARKETS (A)

	Actual 2000			
	1Q	2Q	3Q	4Q

LINES IN SERVICE	228,208	274,740	316,592	376,046
REVENUE				
Local Service	$34,951	$39,142	$43,155	$46,088
Long Distance	1,287	1,582	2,144	2,553
Data	4,956	6,446	7,963	10,413
Total Revenue	$41,193	$47,169	$53,261	$59,054
GROSS MARGIN %	55.4%	54.7%	56.3%	57.1%
PRE-OVERHEAD EBITDA (B)	$4,922	$6,738	$9,103	$11,599
PRE-OVERHEAD EBITDA %	11.9%	14.3%	17.1%	19.6%
ADDRESSABLE SWITCHED ACCESS LINES (C)	6,990,236	7,556,349	7,887,217	8,051,487
PENETRATION %	3.3%	3.6%	4.0%	4.7%

Notes:

(A) Includes New York, Dallas, Ft. Worth, Atlanta, Los Angeles, San Francisco, Chicago, Houston, and Boston.
(B) Represents earnings before interest, taxes, depreciation and amortization before corporate overhead allocation.
(C) Includes only lines on-switch.

ALLEGIANCE TELECOM, INC.
MARKET FINANCIAL DATA
(Dollars in thousands)
(Unaudited)

FIRST 9 MARKETS (A)

		Actual 2001	
	1Q	2Q	3Q
LINES IN SERVICE	425,380	482,661	528,587
REVENUE			
Local Service	$48,752	$49,238	$51,396
Long Distance	2,879	2,970	3,021
Data	12,537	14,161	16,801
Total Revenue	$64,168	$66,369	$71,218

GROSS MARGIN %	59.0%	60.7%	61.3%
PRE-OVERHEAD EBITDA (B)	$14,323	$17,345	$20,061
PRE-OVERHEAD EBITDA %	22.3%	26.1%	28.2%
ADDRESSABLE SWITCHED ACCESS LINES (C)	8,383,468	8,754,124	8,955,369
PENETRATION %	5.1%	5.5%	5.9%

Notes:

(A) Includes New York, Dallas, Ft. Worth, Atlanta, Los Angeles, San Francisco, Chicago, Houston, and Boston.
(B) Represents earnings before interest, taxes, depreciation and amortization before corporate overhead allocation.
(C) Includes only lines on-switch.

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PRN Allegiance Telecom Announces Solid Fourth Quarter and Year-End
Feb 19 2002 14:01

Results With
Annual Revenue Growth of Over 80 Percent

-- 4Q01 Revenues of $151.8 Million - Increased by 12.3 Percent Compared With 3Q01 and 59.8 Percent Compared with 4Q00
-- 2001 Revenue of $516.9 Million, 81.2 Percent Increase Compared With 2000
-- Pittsburgh and West Palm Beach/Boca Raton Service Initiated -- Allegiance Telecom's 35th and 36th Markets -- Planned Build-out Now Complete
-- 16 Markets Pre-Overhead EBITDA Positive in 4Q01, Driving Overall Company EBITDA Loss Margin from 31.5 Percent in 4Q00 to 14.6 Percent (excluding non-recurring charges of $5.5 million) in 4Q01
-- 17 New Collocations for a Total of 789, Addressing Approximately 20.43 Million Business Lines "On-Switch"
-- Acquisition of IBI Tier 1 Internet Backbone from WorldCom

DALLAS, Feb. 19 /PRNewswire-FirstCall/ -- Allegiance Telecom, Inc. (Nasdaq: ALGX), an integrated communications provider (ICP), today announced results for its fourth quarter and year-end 2001. Allegiance reported fourth quarter revenues of $151.8 million, an increase of 12.3 percent compared with 3Q01 and full year 2001 revenues of $516.9 million, an annual growth rate of over 80 percent. Margins also improved significantly with consolidated EBITDA loss of $22.2 million (excluding non-recurring charges associated with acquisitions).

"The year 2001 was a challenge for most businesses both in terms of a slumping global economy and specifically for the telecom industry which has endured a massive shakeout of weaker or poorly capitalized companies. Despite these environmental challenges, Allegiance Telecom continued to post solid results throughout the year as evidenced by our top line growth of more than 80 percent while significantly improving margins," said Royce J. Holland, chairman and CEO of Allegiance Telecom. "With the activation of our 36th and last market in December 2001, Allegiance is now at an operational inflection point where our focus is shifting from the rapid deployment of networks to a rapid path to profitability. We continue to forecast revenue growth in excess of 50 percent in 2002 while at the same time improving margins with a goal of turning EBITDA positive during the second half of this year. This strong continuing growth is in stark contrast to the low single digit growth rates of our major competitors, the incumbent local exchange carriers (ILECs) and major interexchange carriers," he said. "At the close of 2001, Allegiance reached a long-awaited milestone. With our 36-market network buildout complete, we are the one company poised to address more than half the business lines in the United States," Holland said.

"And, as the one company with the largest network footprint serving the SME sector today, Allegiance has reinforced its competitive position as the leading nationwide competitor to the regionally focused incumbent carriers," Holland said.

EXHIBIT
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Holland further stated that the Company is forecasting the following financial and operational targets in 2002:

-- Installation of approximately 600,000 net new lines with Integrated Access and other T1 delivered voice and data services constituting the largest number of new installs.
-- Revenue growth in excess of 50 percent, resulting in a 2002 revenue target of approximately $800 million. This is unchanged from the previous forecast.
-- Continued margin improvements with a goal of turning EBITDA positive in the second half of 2002. This is unchanged from the previous forecast.
-- Activation of SONET fiber networks to replace leased capacity in 2 new markets resulting in a total of 24 markets with fiber networks. Addition of 61 new collocations for a total of approximately 850 by year end.
-- A capital expenditure (capex) budget in the range of $215 million to $240 million with most of the capex being driven by new installs on a success basis, and most of the remainder driven by fiber and collocation deployment. This is a change from the previous capex forecast of $225 million to $250 million.

"Despite the economic recession and continuing shakeout that have continued into the first quarter, we are forecasting another high growth year in 2002 and are looking forward to achieving the milestone of turning EBITDA positive," added Holland. "We believe that a 2002 performance at or near our forecasted targets will clearly establish that profitable high growth enterprises can thrive even in a poor economic climate."

Network Rollout Continues On Schedule

With the addition of two new markets, Pittsburgh in November and West Palm Beach/Boca Raton, Fla. in December, Allegiance Telecom completed its fully-funded network buildout. Today, 36 U.S. markets are operational including: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York, Northern New Jersey, Oakland, Ontario/Riverside CA, Orange County, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington D.C., West Palm Beach/Boca Raton and White Plains, NY.

Allegiance Telecom continued to post strong gains in its addressable market during 4Q01, adding 17 new collocations. At the end of December, the Company was collocated in 789 central offices for unbundled loops, representing an addressable "on-switch" market of approximately 20.43 million local business access lines.

Allegiance has 31 telecommunications switches in operation, supporting the following markets: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas & Fort Worth (2), Denver, Detroit, Houston, Los Angeles, Miami & Ft.

Lauderdale & West Palm Beach/Boca Raton, Minneapolis/St. Paul, New York & Long Island & White Plains (2), Northern New Jersey, Orange County & Ontario/Riverside, Pittsburgh, Philadelphia, Phoenix, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco & Oakland, San Jose, Seattle, Tampa and Washington, D.C..

Network Improvement: Metro Rings and Long Haul Fiber

During 4Q01, Allegiance continued upgrading its network with the lighting of metropolitan fiber rings. To date, 22 Allegiance markets (Austin, Boston Chicago, Dallas, Denver, Detroit, Ft. Worth, Houston, Long Island, Los Angeles, New York, Northern New Jersey, Philadelphia, Phoenix, Pittsburgh, Portland, St. Louis, San Antonio, San Diego, Seattle, Washington, D.C. and White Plains) are now served by fiber. These rings provide improved network capacity, operational efficiency, improved financial margins and route redundancy, further increasing the reliability of the Allegiance network. Long haul fiber rings now connect Allegiance switch sites in Boston, New York, Philadelphia and Washington D.C.

Financial and Operational Highlights

Allegiance Telecom posted a strong sales increase for the quarter, with lines sold increasing from 182,000 lines in 3Q01 to 190,000 in 4Q01, an increase of 4.4 percent compared with 3Q01 and an increase of 25 percent compared with 4Q00.

Net lines installed during the quarter were approximately 135,000, essentially flat with the net lines installed in 3Q01. The 4Q01 net line installations reflect the negative impact of the Sept. 11 tragedy that significantly affected sales in September and thereby reduced the backlog of orders entering the quarter. In addition, the Company took an adjustment to its installed base of lines as a result of the data reconciliation project discussed below.

For the fourth quarter and for the year ended December 31, 2001, Allegiance Telecom had consolidated revenues of $151.8 million and $516.9 million, respectively. This represents an increase of 12.3 percent as compared with 3Q01 and an annual increase of 81.2 percent over 2000. Allegiance continued to use its capital to support the development of new markets, resulting in a fourth quarter EBITDA (earnings before interest, taxes, depreciation and amortization, excluding management ownership allocation charge and non-cash deferred compensation expenses) loss of $27.7 million ($22.2 million before non-recurring charges of $5.5 million associated with acquisitions) and capital expenditures of $45.4 million. The Company continued on its path to profitability with EBITDA loss as a percent of revenue for the quarter at 14.6 percent (excluding non-recurring charges of $5.5 million) versus 19.6 percent in 3Q01 and 31.5 percent for 4Q00. For the full year 2001, Allegiance posted an EBITDA loss of $106.7 million (excluding non-recurring charges associated with acquisitions) and capital expenditures of $364.4 million.

Gross margin continues to be strong; for 4Q01, Allegiance Telecom's gross

margin was 51.3 percent, consistent with 3Q01 gross margin of 51.4 percent and up from 50.4 percent in 4Q00.

"Allegiance Telecom used approximately $95.9 million of its cash and short-term investments during the fourth quarter to fund its operations, capital expenditures and service its indebtedness. This represents a reduction of $20.2 million from the $116.1 million used to fund operations, capital expenditures and service indebtedness in the 3Q01. The remainder of our cash used in 4Q01 was for acquisitions and investments in working capital. Net cash interest payments were $19.2 million in 4Q01 and $24 million for the full year 2001," said Thomas M. Lord, Allegiance executive vice president of corporate development and chief financial officer. "At December 31, 2001, Allegiance had an undrawn committed credit facility of $150 million and approximately $400 million of cash and short-term investments."

Back Office System and Process Upgrades

In the fourth quarter, Allegiance made significant progress in its continuing program to automate manual processes and develop electronic system interfaces to monitor work queues and improve process visibility and database consistency and integrity. A major milestone was the implementation of the Singl.eView by ADC billing system for one of the new cities, Pittsburgh, and for new customers in Philadelphia. In 2002, Singl.eView will be implemented for new customers on a market by market deployment schedule through the end of the third quarter 2002.

In 2Q01, the first automated billing interface (BIF) was implemented for unbundled loop customers between the provisioning systems and the legacy billing system -- the Abiliti platform. The elimination of manual keying of billing information into Abiliti produced two benefits. First, it eliminated the lag time (which sometimes had been over two months) in producing a new customer's first bill -- and even more important, on a going forward basis it virtually eliminated data entry errors caused by manual keying into the billing system. In the fourth quarter 2001, the automated billing interface was implemented for the Singl.eView platform for unbundled loop customers.

In 4Q01, work also began on the development of automated billing interfaces to eliminate the manual keying of data into the billing systems for Integrated Access and other T1-based products, and MACD (moves, adds, changes and disconnects) orders. These interfaces between provisioning and both the Abiliti and Singl.eView platforms for T1 delivered products, and for disconnects, are currently in testing with implementation scheduled for completion by the end of the first quarter 2002. The manual keying of new installation and disconnect information into billing will then be eliminated.

Coincident with the deployment of Singl.eView and the development of automated billing interfaces, the Company has been conducting a database reconciliation project to reconcile the order management, provisioning and billing databases for inconsistencies that had developed in the past. These inconsistencies are related to a number of factors, including as a result of manual data entry into these systems. The reconciliation project resulted in the identification and correction of discrepancies in line count between the

databases.

As a result of the reconciliation, the line count in the order management system, which is the basis for tracking line count, has been adjusted downward approximately by 125,000 lines to conform with the line count in Allegiance's billing systems. The adjustment includes 95,000 facilities lines and 30,000 resale lines and results in a starting point for 2002 of 1,015,000 lines in service of which 93 percent are facilities based. The inconsistencies between the various databases had an immaterial ($5 million or less) impact on revenue because most of the adjustments are to the line count in the order management and provisioning system, not the billing systems. ARPU (average revenue per unit) for Q401, however, increases to $50.08 per line as a result of the reconciliation project.(1)

Another very significant back office system upgrade is scheduled for completion by the end of February 2002. After several months of Beta testing, Allegiance Telecom will have its trouble ticket systems fully bonded with SBC. During the 2001 testing period, Allegiance was able to enhance the customer care experience and expedite repair activity by providing customers with real time trouble ticket updates as a result of information exchanged between Allegiance and SBC through a new electronic interface. With trouble ticket bonding completed, the process of "telephone tag" between Allegiance and SBC is replaced by a real time, interactive exchange of information to expedite the resolution of trouble tickets. As previously with electronic bonding for provisioning of new orders, Allegiance plans to use the system interfaces developed in cooperation with SBC to expedite trouble ticket resolution with the other ILECs.

Tier 1 Internet Backbone Acquired

At the end of 4Q01, Allegiance acquired substantially all of the Intermedia Business Internet (IBI) assets from WorldCom, Inc. Terms of the deal were not disclosed but Allegiance confirmed that the transaction purchase price was not financially material. WorldCom was obligated to sell the IBI assets pursuant to a consent decree entered into by WorldCom and Intermedia with U.S. Department of Justice in connection with their merger last year.

"The acquisition of a true Tier I Internet backbone that has peering status with all major providers, including a three-year peering agreement with UUNET, will decrease our costs of terminating Internet traffic," said Dan Yost, president and COO of Allegiance Telecom. "We believe the Tier I backbone represents a great opportunity to further expand our data offerings and leverage our existing customer base of small and medium sized businesses that already rely on Allegiance Telecom for local voice service."

Regulatory Certifications

Allegiance Telecom is certificated to provide local exchange services in 24 states and Washington D.C., including Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Minnesota, New Jersey, New York, Maryland, Massachusetts, Michigan, Missouri, Nevada, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Virginia, Washington State and

Wisconsin.

Corporate Background

Based in Dallas, Allegiance Telecom is a facilities-based integrated communications provider (ICP) offering businesses a complete package of telecommunications services, including local, long distance, international calling, high-speed data transmission and Internet services. Allegiance is currently operational in 36 U.S. markets. The Company's Web address is: www.algx.com . Allegiance's common stock is traded on the Nasdaq National Market under the symbol ALGX.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and the Company intends that such forward- looking statements be subject to the safe harbors created thereby. The words "believes," "expects," "estimates," "anticipates," "plans," "will be" and "forecasts" and similar words or expressions identify forward-looking statements made by or on behalf of the Company. These forward-looking statements were derived using numerous assumptions and are subject to many uncertainties and factors that may cause the actual results of the Company to be materially different from those stated in such forward-looking statements. Examples of such uncertainties and factors include, but are not limited to, the Company's ability to timely and effectively provision new customers; the Company's ability to retain existing customers; the Company's ability to obtain additional financing should it be necessary to do so; the Company's ability to develop and maintain efficient billing, customer service and information systems; and technological, regulatory or other developments in the industry and general economy that might adversely affect the Company. Additional factors are set forth in the Company's SEC reports, including but not limited to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2001. The Company does not undertake any obligation to update or revise any forward-looking statement made by it or on its behalf, whether as a result of new information, future events or otherwise.

(1) Average revenue per line is calculated by taking total revenue for the quarter and dividing it by the arithmetic mean of the quarter's beginning and ending line counts in Allegiance's order management system. This result is then divided by three (the number of months in the quarter) to calculate average revenue per line.

ALLEGIANCE TELECOM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)

	Three Months Ended	Three Months Ended	Year Ended	Year Ended

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	December 31, 2001 (unaudited)	December 31, 2000 (unaudited)	December 31, 2001	December 31, 2000
Revenues	$151,818	$95,029	$516,888	$285,227
Network Costs	73,991	47,173	251,734	150,718
Gross Margin %	51.3%	50.4%	51.3%	47.2%
Selling, General and Administrative	105,508	77,780	377,386	252,368
Depreciation, Amortization and Noncash Compensation	75,703	51,653	260,986	147,433
Loss From Operations	(103,384)	(81,577)	(373,218)	(265,292)
Other Income (Expense)				
Interest Income	927	11,943	15,664	56,969
Interest Expense	(23,142)	(16,601)	(74,259)	(69,244)
Other Income (Expense), net	(22,215)	(4,658)	(58,595)	(12,275)
Net Loss Applicable to Common Stock	$(125,599)	$(86,235)	$(431,813)	$(277,567)
Net Loss Per Share, basic and diluted (A)	$(1.09)	$(0.79)	$(3.82)	$(2.58)
Weighted Average Shares Outstanding, basic and diluted (A)	114,835,954	109,636,885	113,115,871	107,773,112
Other Financial Data:				
EBITDA (B)	$(27,681)	$(29,924)	$(112,232)	$(117,859)
Capital Expenditures	45,407	98,115	364,396	430,817

Notes:
(A) The basic and diluted net loss per share reflect the three-for-two stock split, which occurred on February 28, 2000.
(B) EBITDA excludes non-cash compensation expense.

ALLEGIANCE TELECOM, INC. AND SUBSIDIARIES

`RN Allegiance Telecom Announces Solid Fourth Quarter and Year-End
Feb 19 2002 14:01

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	December 31, 2001	December 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents, and short-term investments (A)	$399,316	$670,911
Other current assets	167,090	99,366
Total current assets	566,406	770,277
PROPERTY AND EQUIPMENT		
Property and equipment	1,366,710	907,182
Accumulated Depreciation	(350,460)	(162,279)
Total property and equipment, net	1,016,250	744,903
NON-CURRENT ASSETS (B)	192,187	153,659
TOTAL ASSETS	$1,774,843	$1,668,839
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES	$139,474	$139,070
LONG-TERM DEBT	1,002,590	566,312
OTHER LONG-TERM LIABILITIES	24,703	4,972
STOCKHOLDERS' EQUITY	608,076	958,485
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,774,843	$1,668,839
COMMON SHARES OUTSTANDING	115,214,859	110,064,619

Notes:
(A) Includes restricted short-term investments of $0 and $12,952 at December 31, 2001 and 2000, respectively.
(B) Includes restricted long-term investments of $954 and $829 at December 31, 2001 and 2000, respectively.

Selected Operational Statistics

	As of December 31,	As of September 30,	As of June 30,	As of March 31,

	2001	2001	2001	2001
Markets Served	New York	New York	New York	New York
	Dallas	Dallas	Dallas	Dallas
	Atlanta	Atlanta	Atlanta	Atlanta
	Fort Worth	Fort Worth	Fort Worth	Fort Worth
	Los Angeles	Los Angeles	Los Angeles	Los Angeles
	Chicago	Chicago	Chicago	Chicago
	Boston	Boston	Boston	Boston
	Oakland	Oakland	Oakland	Oakland
	San Francisco	San Francisco	San Francisco	San Francisco
	Philadelphia	Philadelphia	Philadelphia	Philadelphia
	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.
	San Jose	San Jose	San Jose	San Jose
	Orange County	Orange County	Orange County	Orange County
	Houston	Houston	Houston	Houston
	No. New Jersey	No. New Jersey	No. New Jersey	No. New Jersey
	Long Island	Long Island	Long Island	Long Island
	San Diego	San Diego	San Diego	San Diego
	Detroit	Detroit	Detroit	Detroit
	Baltimore	Baltimore	Baltimore	Baltimore
	Denver	Denver	Denver	Denver
	St. Louis	St. Louis	St. Louis	St. Louis
	Cleveland	Cleveland	Cleveland	Cleveland
	Seattle	Seattle	Seattle	Seattle
	Miami	Miami	Miami	Miami
	Minneapolis/ St. Paul	Minneapolis/ St. Paul	Minneapolis/ St. Paul	Minneapolis/ St. Paul
	Phoenix	Phoenix	Phoenix	Phoenix
	Tampa	Tampa	Tampa	Tampa
	San Antonio	San Antonio	San Antonio	San Antonio
	Ft. Lauderdale	Ft. Lauderdale	Ft. Lauderdale	Ft. Lauderdale
	Austin	Austin	Austin	
	Sacramento	Sacramento	Sacramento	
	Portland	Portland	Portland	
	White Plains	White Plains		
	Ontario/ Riverside	Ontario/ Riverside		
	Pittsburgh			
	West Palm Beach/ Boca Raton			

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# of Markets	36	34	32	29
# of Switches	31	30	30	27
Central Offices Colocated	789	772	740	687
Addressable Markets (Lines) via Colocated Co's	20,430,000	19,850,000	19,090,000	17,810,000
Sales Headcount	1,584	1,571	1,612	1,471
Total Headcount	4,140	3,948	3,874	3,834
Lines Installed	1,015,000	1,005,900	869,700	733,900

*Note: Sales Headcount includes Sales Team Managers, Account Executives and Sales Administrators

ALLEGIANCE TELECOM, INC.
PERFORMANCE METRICS

	Actual 1999			
	1Q	2Q	3Q	4Q
Gross Margin %	24.0%	28.2%	43.0%	39.2%
SG&A as % of Rev	276.0%	173.4%	125.5%	107.4%
EBITDA as % of Rev	-252.0%	-145.2%	-82.6%	-68.2%
Annualized ($ in 000's)				
Average Revenue per Employee	$51.4	$65.8	$92.8	$95.0
SG&A per Employee	141.8	114.2	116.5	102.0
EBITDA per Employee	(129.5)	(95.6)	(76.6)	(64.8)
EBITDA per Line	(1.7)	(1.0)	(0.6)	(0.5)
Cum. Capital Expenditures per Line	3.1	2.7	2.2	1.9
Monthly:				
Average Revenue per Line	$51.76	$58.01	$70.46	$61.92
Network Expense per Line	39.34	41.63	40.17	37.66
SG&A per Line	142.86	100.62	88.46	66.49

	Actual 2000			
	1Q	2Q	3Q	4Q
Gross Margin %	42.5%	45.2%	47.7%	50.4%
SG&A as % of Rev	101.8%	90.0%	87.2%	81.8%
EBITDA as % of Rev	-59.2%	-44.9%	-39.6%	-31.5%
Annualized ($ in 000's)				
Average Revenue per Employee	$98.7	$109.9	$116.7	$122.9
SG&A per Employee	100.5	98.9	101.9	100.6
EBITDA per Employee	(58.5)	(49.3)	(46.2)	(38.7)
EBITDA per Line	(0.4)	(0.3)	(0.3)	(0.2)
Cum. Capital Expenditures per Line	1.8	1.6	1.6	1.5
Monthly:				
Average Revenue per Line	$56.55	$58.17	$58.79	$57.21
Network Expense per Line	32.49	31.90	30.76	28.40
SG&A per Line	57.55	52.35	51.30	46.82

	Actual 2001			
	1Q	2Q	3Q	4Q
Gross Margin %	51.6%	51.0%	51.4%	51.3%
SG&A as % of Rev	79.9%	73.7%	70.9%	69.5%
EBITDA as % of Rev	-28.3%	-22.7%	-19.6%	-18.2%
Annualized ($ in 000's)				
Average Revenue per Employee	$119.6	$128.8	$138.2	$150.2
SG&A per Employee	95.6	94.9	98.0	104.4
EBITDA per Employee	(33.9)	(29.2)	(27.0)	(27.4)
EBITDA per Line	(0.2)	(0.1)	(0.1)	(0.1)
Cum. Capital Expenditures per Line	1.4	1.3	1.2	1.3
Monthly:				
Average Revenue per Line	$52.61	$51.58	$48.03	$50.08
Network Expense per Line	25.46	25.28	23.36	24.41
SG&A per Line	42.05	37.99	34.07	34.81

ALLEGIANCE TELECOM, INC.
MARKET FINANCIAL DATA

(Dollars in thousands)
(Unaudited)

FIRST 9 MARKETS (A)

	Actual 1999			
	1Q	2Q	3Q	4Q
LINES IN SERVICE	70,939	100,118	138,148	182,151
REVENUE				
Local Service	$15,927	$19,812	$23,999	$28,162
Long Distance	423	567	724	856
Data	393	674	1,843	2,696
Total Revenue	$16,743	$21,054	$26,565	$31,715
GROSS MARGIN %	39.5%	40.7%	49.5%	52.7%
PRE-OVERHEAD EBITDA (B)	($5,045)	($4,875)	($2,385)	$475
PRE-OVERHEAD EBITDA %	-30.1%	-23.2%	-9.0%	1.5%
ADDRESSABLE SWITCHED ACCESS LINES (C)	4,561,531	5,370,951	5,923,239	6,468,292
PENETRATION %	1.6%	1.9%	2.3%	2.8%

FIRST 9 MARKETS (A)

	Actual 2000			
	1Q	2Q	3Q	4Q
LINES IN SERVICE	228,208	274,740	316,592	376,046
REVENUE				
Local Service	$34,951	$39,142	$43,155	$46,088
Long Distance	1,287	1,582	2,144	2,553
Data	4,956	6,446	7,963	10,413
Total Revenue	$41,193	$47,169	$53,261	$59,054
GROSS MARGIN %	55.4%	54.7%	56.3%	57.1%
PRE-OVERHEAD EBITDA (B)	$4,922	$6,738	$9,103	$11,599

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PRE-OVERHEAD EBITDA %	11.9%	14.3%	17.1%	19.6%
ADDRESSABLE SWITCHED ACCESS LINES (C)	6,990,236	7,556,349	7,887,217	8,051,487
PENETRATION %	3.3%	3.6%	4.0%	4.7%

FIRST 9 MARKETS (A)

	Actual 2001 1Q	2Q	3Q	4Q
LINES IN SERVICE	425,380	482,661	528,587	538,112
REVENUE				
Local Service	$48,752	$49,238	$51,396	$45,071
Long Distance	2,879	2,970	3,021	3,418
Data	12,537	14,161	16,801	24,209
Total Revenue	$64,168	$66,369	$71,218	$72,697
GROSS MARGIN %	59.0%	60.7%	61.3%	61.5%
PRE-OVERHEAD EBITDA (B)	$14,323	$17,345	$20,061	$20,239
PRE-OVERHEAD EBITDA %	22.3%	26.1%	28.2%	27.8%
ADDRESSABLE SWITCHED ACCESS LINES (C)	8,383,468	8,754,124	8,955,369	9,063,265
PENETRATION %	5.1%	5.5%	5.9%	5.9%

Notes:

(A) Includes New York, Dallas, Ft. Worth, Atlanta, Los Angeles, San Francisco, Chicago, Houston, and Boston.
(B) Represents earnings before interest, taxes, depreciation and amortization before corporate overhead allocation.
(C) Includes only lines on-switch.

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/Web site: http://www.algx.com /

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CO: Allegiance Telecom, Inc.
ST: Texas
IN: TLS
SU: ERN

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PBC

4Q 2001 PRESS RELEASE STATISTICS

NET INSTALLS

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001	3Q 2001	4Q 2001
UNE	47,585	42,129	39,198	42,259	49,935	48,510	60,930	2,441
T1	1,109	2,719	2,816	7,734	1,034	(2,279)	2,858	(4,352)
Ded	2,665	2,426	1,465	4,132	5,272	5,484	6,429	4,788
IAD	902	2,831	4,383	5,750	5,248	11,743	24,674	(5) 24,316
ADSL	179	360	198	116	112	13	0	0
Resale	4,938	5,457	14,579	15,697	17,024	7,894	7,315	(12,644)
Wholesale PRI	20,608	19,984	15,512	2,453	11,798	(48,606)	(44,376)	1,392
MMPS	(5,386)	5,230	14,134	29,089	10,836	102,532	77,283	25,583
Acquisitions	0	12,432	3,215	1,913	(503)	36,463	1,205	(2,512)
Kivex	0	0	(3,626)	(1,143)	(596)	81	(89)	(56)
Adjustment					26,000	(26,000)		(29,880)
TOTAL COMPANY	72,600	93,568	91,874	108,000	126,160	135,835	136,229	9,076

ENDING LINES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001	3Q 2001	4Q 2001
UNE	136,640	178,769	217,967	277,261	353,196	375,706	436,636	439,077
T1	21,762	24,481	27,297	40,659	40,450	38,171	41,029	36,677
Ded	5,281	7,707	9,172	10,060	15,332	20,816	27,245	32,033
IAD	902	3,733	8,116	14,502	19,750	31,493	56,167	80,483
ADSL	300	660	858	900	1,012	1,025	1,025	1,025
Resale	38,697	44,154	58,733	58,723	75,747	83,641	90,956	78,312
Wholesale PRI	71,699	91,683	107,195	104,633	117,674	69,068	24,692	26,084
MMPS	25,090	30,320	44,454	74,242	85,078	187,610	264,893	290,476
Acquisitions	0	12,432	15,647	17,560	17,057	53,520	54,725	52,213
Kivex	13,929	13,929	10,303	9,160	8,564	8,645	8,556	8,500
Adjustment								(29,880)
TOTAL COMPANY	314,300	407,868	499,742	607,700	733,860	869,695	1,005,924	1,015,000

NET INSTALLS

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001	3Q 2001	4Q 2001
Retail	56,480	52,569	59,476	71,996	73,602	68,274	99,295	51,268
National	(314)	3,218	2,702	4,063	3,473	3,015	2,963	(9,595)
Wholesale	16,434	25,349	30,107	31,171	24,184	54,002	32,855	31,634
Acquisitions	0	12,432	3,215	1,913	(503)	36,463	1,205	(2,512)
Kivex	0	0	(3,626)	(1,143)	(596)	81	(89)	(56)
Adjustment					26,000	(26,000)		(61,663)
TOTAL COMPANY	72,600	93,568	91,874	108,000	(4) 126,160	(4) 135,835	(4) 136,229	(4) 9,076

ENDING LINES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001	3Q 2001	4Q 2001
Retail	188,388	240,957	300,433	365,520	465,122	507,396	606,691	657,959
National	14,702	17,920	20,622	41,190	44,663	47,678	50,641	41,046
Wholesale	97,281	122,630	152,737	174,270	198,454	252,456	285,311	316,945
Acquisitions	0	12,432	15,647	17,560	17,057	53,520	54,725	52,213
Kivex	13,929	13,929	10,303	9,160	8,564	8,645	8,556	8,500
Adjustment								(61,663)
TOTAL COMPANY	314,300	407,868	499,742	607,700	733,860	869,695	1,005,924	1,015,000

REVENUES

	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001	3Q 2001	4Q 2001
UNE, T1	14,935	26,303	26,433	35,120	33,543	37,033	45,137	51,151
Resale	4,184	6,163	5,743	7,683	7,648	7,756	7,512	7,560
Ded Internet	3,603	4,116	7,073	10,359	13,749	16,609	16,623	18,653
IAD	50	175	1,484	1,587	2,082	2,805	4,378	7,137
ADSL/HDSL	45	247	428	648	889	1,039	1,105	1,041
Collocation	711	659	632	1,207	1,181	725	691	2,330
MMPS & PRI	6,363	7,053	7,412	11,573	17,497	19,609	21,940	29,371
CABS	17,270	18,289	30,826	26,851	29,286	38,483	37,751	34,576
	$ 47,161	$ 63,005	$ 80,032	$ 95,028	$ 105,874	$ 124,059	$ 135,137	$ 151,818
Increase		33.6%	27.0%	18.7%	11.4%	17.2%	8.9%	12.3%

REVENUES	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001	3Q 2001	4Q 2001
Local	$ 17,455	$ 30,366	$ 31,496	$ 38,925	$ (1) 43,699	$ (1) 41,813	$ (1) 47,622	$ (1) 53,001
LD	1,664	2,098	3,331	4,149	(2) 5,377	(2) 6,438	(2) 7,811	(2) 9,890
Data (incl whlse)	10,772	12,251	17,029	25,104	(3) 27,513	(3) 37,325	(3) 41,953	(3) 54,352
Access	14,274	13,299	15,280	15,582	(1) 21,339	(1) 18,429	(1) 17,039	(1) 20,514
Recip Comp	2,996	4,991	12,897	11,268	7,947	20,055	20,712	14,062
	$ 47,161	$ 63,005	$ 80,032	$ 95,028	$ 105,874	$ 124,059	$ 135,137	$ 151,818

Mix	1Q 2000	2Q 2000	3Q 2000	4Q 2000	1Q 2001	2Q 2001	3Q 2001	4Q 2001
Local	73.6%	77.2%	74.6%	69.2%	68.9%	64.7%	63.2%	57.7%
LD	3.5%	3.3%	4.2%	4.4%	5.1%	5.2%	5.8%	6.5%
Data (incl whlse)	22.8%	19.4%	21.3%	26.4%	26.0%	30.1%	31.0%	35.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1) Local Revenue
E(1) 326,232 ~ Say 326.2
AB 2-19-2002

2) LD Revenue
E(2) 29,516 ~ Say 29.5
AB 2-19-2002

3) Data Revenue
E(3) 161,143 ~ Say 161.2
AB 2-19-2002

4) Net Line Installs
E(4) 407,300
AB 2-19-2002

5) IAD as a % of Total Net Installs
(5) 24,318 / 135,000 = 18%
AB 2-19-2002

FN-10
AB 2-19-2002

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App. 409

Exhibit #70

ALLEGIANCE TELECOM, INC.
MARKET FINANCIAL DATA
(Dollars in thousands)
(Unaudited)

FIRST 9 MARKETS (1)

	Actual 1999				Actual 2000				Actual 2001			Expected 2001	Actual 2001	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4Q	
LINES IN SERVICE	70,939	100,118	138,148	182,151	228,208	274,740	316,582	378,046	425,380	482,661	528,587	579,434	538,112	(41,322) A
REVENUE														
Local Service	$15,927	$19,812	$23,999	$28,162	$34,951	$39,142	$43,155	$46,088	$48,752	$49,238	$51,398	53,165	45,071	(8,094) B
Long Distance	423	567	724	856	1,287	1,582	2,144	2,553	2,879	2,970	3,021	3,177	3,418	241
Data	393	674	1,843	2,698	4,958	6,446	7,963	10,413	12,537	14,161	16,801	18,931	24,209	5,278 C
Total Revenue	$16,743	$21,054	$26,565	$31,716	$41,193	$47,169	$53,261	$59,054	$64,168	$66,369	$71,218	$75,273	$72,698	($2,575)
GROSS MARGIN %	39.5%	40.7%	49.6%	52.7%	55.4%	54.7%	58.3%	57.1%	59.0%	60.7%	61.3%	60.3%	61.5%	1.2%
PRE-OVERHEAD EBITDA (2)	($5,045)	($4,875)	($2,386)	$475	$4,922	$6,738	$9,103	$11,589	$14,323	$17,345	$20,061	22,881	20,239	(2,642) D
PRE-OVERHEAD EBITDA %	-30.1%	-23.2%	-9.0%	1.5%	11.9%	14.3%	17.1%	19.6%	22.3%	26.1%	28.2%	25.5%	27.8%	2.3%
ADDRESSABLE SWITCHED ACCESS LINES (3)	4,561,531	5,370,951	5,923,239	6,468,292	6,990,238	7,556,349	7,687,217	8,051,487	8,383,468	8,754,124	8,955,369	9,256,663	9,063,265	(193,398)
PENETRATION %	1.6%	1.9%	2.3%	2.8%	3.3%	3.6%	4.0%	4.7%	5.1%	5.5%	5.9%	6.3%	5.9%	-0.4%

Notes:

(1) Includes New York, Dallas, Ft. Worth, Atlanta, Los Angeles, San Francisco, Chicago, Houston, and Boston.
(2) Represents earnings before interest, taxes, depreciation and amortization before corporate overhead allocation.
(3) Includes only lines on-switch.

1> The engagement team calculated the expected fourth quarter 2001 numbers based on the following guidelines. For lines with an overall trend during 2001, we calculated the average increase or decrease and added or subtracted the average to the third quarter 2001 results. For lines with no noticable trend, we calculated a simple average of the data for 2001. AB 11/15/2001.

A Per discussion with Chris Kornegay, Controller, this variance is due to the removal of approximately 28,000 lines from the base, which were primarily UNE and voice T1 products. In addition, resale lines decreased by approximately 5,000 lines. Reasonable. AB 2/19/2002

B Per discussion with Chris Kornegay, Controller, this variance is due to approximately $7 million in one-time CABS revenue in California in the third quarter and lower access rates in the fourth quarter than in the third quarter across all markets. In addition, UNE and resale revenues were both slightly lower in the fourth quarter due to the impact of backdated disconnects. Reasonable. AB 2/19/2002

C Per discussion with Chris Kornegay, Controller, this variance is due to higher revenues in the fourth quarter related to the Genuity contract and an increase of data lines. Reasonable. AB 2/19/2002

D Per discussion with Chris Kornegay, Controller, this variance is due to relatively flat revenues between the third and fourth quarters. Had revenue been greater in the fourth quarter, pre-overhead EBITDA would have been greater also. Reasonable. AB 2/19/2002

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Kornegay
#101

ALLEGIANCE TELECOM
LINE ANALYSIS
Product Summary

	ACT Jan-02	PLAN Jan-02	VARIANCE
Beginning Backlog			
UNE	25,000	25,000	-
Resale	5,000	5,000	-
T1 Based Products	43,000	43,000	-
Total Retail	73,000	73,000	-
Total	73,000	73,000	-
Change in Backlog			
UNE	(2,516)	3,447	(5,965)
Resale	(982)	(1,247)	265
T1 Based Products	(4,393)	9,043	(13,436)
Total Retail	(7,893)	11,244	(19,137)
MMPS/PRI	219	-	219
Total	(7,674)	11,244	(18,918)
Ending Backlog			
UNE	22,482	28,447	(5,965)
Resale	4,018	3,753	265
T1 Based Products	38,607	52,043	(13,436)
Total Retail	65,107	84,244	(19,137)
MMPS/PRI	219	-	219
Total	65,326	84,244	(18,918)
Cancels as Percentage of Backlog			
UNE	21.6%	25.1%	(3.5%)
Resale	8.0%	5.0%	2.9%
T1 Based Products	17.9%	14.1%	3.7%
Total	18.6%	17.3%	1.3%
Disconnects as Percentage of Beginning Lines			
UNE	2.4%	2.0%	(0.4%)
Resale	9.1%	1.9%	(7.1%)
T1 Based Products	3.0%	0.6%	(2.5%)
Total Retail	3.2%	1.7%	(1.6%)

Comments:

(1) Integrated Access offers both voice line packages and a data channel through a single circuit.

(2) Total Communication is a bundled product that offers combinations of voice lines and data access speed tailored to a customer's needs.

(3) Planned Strategic sales installs for Genuity of 14,568 lines have been rescheduled to March.

(4) Planned Strategic Sales disconnects for Prodigy of approximately 10,000 lines have been rescheduled to March.

(5) Resale disconnects include 3,675 lines disconnected in January, but related to disconnects from months prior to January. This relates to a backlog of resale disconnects not processed in 2001.

Kornegay #110

QUARTER BY QUARTER REVENUE TRENDS
($000s)

	1Q01	2Q01	3Q01	4Q01	1Q02
NET LINES INSTALLED	126,160	135,835	136,229	9,076	124,403
% CHANGE		7.7%	0.3%	-93.3%	1270.7%
RETAIL GROSS REVENUE	$ 56,110	$ 61,371	$ 73,962	$ 78,707	$ 83,047
% CHANGE		9.4%	20.5%	6.4%	5.5%
CREDITS/ADJUSTMENTS	$ (5,639)	$ (7,965)	$ (11,253) (1)	$ (11,087) (2)	$ (5,183) (3)
RETAIL NET REVENUE	$ 50,471	$ 53,406	$ 62,709	$ 67,620	$ 77,864
% CHANGE		5.8%	17.4%	7.8%	15.1%
COAST REVENUE	$ -	$ -	$ 1,559	$ 3,512 (4)	$ 3,044
% CHANGE				125.3%	-13.3%
BROADBAND REVENUE	$ 15,428	$ 18,120 (5)	$ 19,647	$ 25,791 (6)	$ 22,410
% CHANGE		17.4%	8.4%	31.3%	-13.1%
CABS REVENUE	$ 29,286	$ 38,483 (7)	$ 37,751 (8)	$ 34,576 (9)	$ 28,901 (10)
% CHANGE		31.4%	-1.9%	-8.4%	-16.4%
HOSTING.COM REVENUE	$ 10,689	$ 14,049	$ 13,472	$ 13,389	$ 11,261
% CHANGE		31.4%	-4.1%	-0.6%	-15.9%
ABI REVENUE	$ -	$ -	$ -	$ 6,930	$ 18,615 (11)
% CHANGE					168.6%
TOTAL REVENUE	$105,874	$124,058	$135,138	$151,818	$162,095
% CHANGE		17.2%	8.9%	12.3%	6.8%

(1) Increase in backdated credits due to BIRT formation & Ticket backlog being worked.
(2) Increase due to $2.5mm credits reclassed from January 2002.
(3) Decrease due to $2.5mm credits reclassed from January 2002 to December 2001.
(4) First full quarter of acquired revenue
(5) Increase due to Genuity install growth. 2Q 2001 was first full quarter in production.
(6) Increase due to $5mm one time revenue for Genuity contract amendment.
(7) Includes backbilling of trunk & facilities charges for $7.7mm.
(8) Includes lower rates for interstate access charges offset by one time billings for trunks for $3.3mm & AT&T correction of $3mm.
(9) Includes backbilling of portback charges for $2.3mm
(10) Reserved Bell South trunk charges of $2mm
(11) First full quarter of acquired revenue

FILE: REVENUE1Q02

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Kornegay #121

	1st QUARTER FORECAST							04-4-01 FORECAST		
Lines	Jan		Feb		Mar			Q1 2001		
Net Installs	Actual	Budget	Actual	Budget	Forecast	Budget		Forecast	Budget	Consensus
Field / National	36,814	34,283	26,317	29,877	34,423	36,326		97,554	100,466	
Broadband Sales	5,837	6,156	9,901	13,183	8,037	22,802		23,775	42,141	
Acquisitions	0	977	0	720	0	781		0	2,477	
Total	42,651	41,396	36,218	43,780	42,460	59,909		121,329	145,085	125,000
Cumulative										
Field / National	465,877	443,969	492,803	473,847	529,290	510,172		529,290	510,172	
Broadband Sales	184,717	203,856	194,642	217,039	203,447	239,841		203,447	239,841	
Acquisitions	18,537	18,537	19,257	19,257	20,037	20,037		20,037	20,037	
Total	669,131	666,362	706,702	710,142	752,774	770,051		752,774	770,051	
Headcount										
Total	3,320	3,634	3,605	3,842	3,744	3,924		3,744	3,924	
Revenue	Jan		Feb		Mar		Upsides	Q1 2001		
End User	Actual	Budget	Actual	Budget	Forecast	Budget	Q1 2001	Forecast	Budget	Consensus
Retail										
UNE	9,435	10,899	10,216	11,544	11,193	12,837	1,680 (1)	32,274	35,281	
T1	1,326	1,336	1,332	1,353	1,391	1,411	(250) (2)	4,049	4,100	
Ded Int	1,418	1,097	1,489	1,167	1,617	1,276		4,525	3,540	
IAD	562	806	621	929	746	1,100		1,929	2,835	
ADSL	28	32	31	36	35	39		94	107	
Resale	2,625	2,813	2,847	3,003	3,102	3,194		8,574	9,010	
LD Buckets	0	0	0	44	0	105		0	149	
City Buckets	0	0	0	28	0	72		0	101	
Set-Up / Wire Mtnc.	99	86	110	136	115	180		324	402	
Total Retail	$15,493	$17,069	$16,647	$18,240	$18,198	$20,214	1,430	$51,768	$55,523	
Broadband Sales										
MMPS	2,119	2,124	2,143	2,275	2,463	2,462		6,725	6,861	
PRI	2,386	2,055	2,405	2,039	2,670	2,170		7,461	6,264	
Collocation/Other	101	197	101	197	101	203		303	597	
Total Broadband Sales	$4,606	$4,376	$4,650	$4,510	$5,234	$4,836		$14,489	$13,722	
Acquisitions	$3,207	$3,179	$3,143	$3,277	$3,150	$3,396	$884 (3)	$10,383	$9,852	
Gross End User	$25,197	$26,581	$26,434	$28,022	$28,681	$30,546	$2,314	$82,627	$85,149	
CABS	$9,671	$8,545	$8,969	$8,404	$8,995	$8,995		$27,634	$25,944	
Net Revenue	$32,977	$33,169	$33,408	$34,504	$35,577	$37,618	$2,314	$104,278	$105,041	$105,000
Network Costs										
Total Network Costs	$19,233	$17,342	$19,788	$18,074	$20,000	$18,859	($8,006) (4)	$51,015	$54,276	$54,000
Gross Margin	41.7%	47.7%	40.8%	47.6%	43.8%	49.9%		51.1%	48.3%	48.6%
SG&A										
Salaries and Benefits	18,678	17,961	17,976	18,742	19,272	19,506	927 (3)	56,353	56,209	
Travel	286	290	411	297	550	343	(500) (5)	1,247	930	
Network Administration	1,685	1,450	1,808	1,271	1,603	1,343		5,096	4,064	
Marketing	315	666	333	671	286	776		933	2,113	
Rents and Utilities	2,918	2,228	3,028	2,224	3,020	2,232		8,966	6,685	
Professional Fees	1,808	1,690	1,784	1,413	1,638	1,642		5,230	4,746	
Bad Debt	1,383	1,387	1,482	1,462	1,578	1,578		4,443	4,427	
Other	1,221	489	1,154	454	1,300	496	(750) (5)	2,925	1,439	
	$28,294	$26,163	$27,975	$26,535	$29,247	$27,916	(323)	$85,194	$80,613	$80,800
EBITDA	($14,550)	($10,337)	($14,355)	($10,105)	($13,670)	($9,157)	$10,843	($31,933)	($29,849)	($29,800)
CAPEX	$40,724	$43,467	$35,954	$43,467	$43,467	$43,467		$120,145	$130,400	

TP 0000657

Kornegay #132

(1) Assumed upside in end user revenue from Project Goldmine
Assumption includes 24,000 lines at $35 per month for two months each. $ 1,680

(3) Deferred revenue for NRCs pursuant to SAB101 $ 275

(4) Assumed revenue and expenses from Harvardnet & Adgraphix acquisitions as follows:

	March	Pro rate	Revenue	Expense
Harvardnet:				
Revenue	1,176	50%	588	
Expense	1,404	50%		702
Adgraphix:				
Revenue	395	75%	296	
Expense	300	75%		225
		Total	$ 884	$ 927

(4) Assumed network expense reductions realized from as follows:

		Realized	Expected	Uncertain or Unlikely	Forecast Status
Collocation over-billings back to 1/1/01 - Verizon	599	-	599		Included
Collocation fused vs requested credits back to 1/1/01 - Verizon	811	-	811		Included
Collocation over-billings back to 2000 - Verizon ($3.6mm total)	3,600	-	3,600	-	$3.0mm Included
Collocation fused vs requested credits back to 2000 - Verizon ($4.35mm total)	4,350			4,350	Excluded
Rebate of overcharges for EUCL on resale from SBC	950	770	30	150	$770k Realized
Switch port charges	500	-	500		Included
Broadwing credits for rates	435	-	435		Included
NRC deferral for loops & DS1s	1,000	-	1,000	-	Included
Voicemail credits from AVAYA for incorrect rates	261	244	17		$244k Realized
Total	12,506	1,014	6,992	4,500	

(5) Assumed reductions in SG&A expense realized as follows:

Reduce property tax accruals	600
Reduce bonus accruals YTD	750

TP 0000658

CONFIDENTIAL
For use only by the Lenders under that certain
Credit and Guaranty Agreement referred to below

COMPLIANCE CERTIFICATE
FINANCIAL OFFICER CERTIFICATE

THE UNDERSIGNED HEREBY CERTIFIES TO ALL AGENTS AND LENDERS AS FOLLOWS:

1. am the Senior Vice President of Finance and Accounting of Allegiance Telecom, Inc., a Delaware corporation ("*Company*").

2. This certificate is the "Financial Officer Certification" required by Section 5.1(a) of that certain Credit and Guaranty Agreement, dated as of February 15, 2000, by and among Company, Allegiance Telecom Company Worldwide ("*Borrower*"), the Subsidiaries of Company (other than Borrower) party thereto, as Guarantors, Lenders, Goldman Sachs Credit Partners L.P., as Syndication Agent and Sole Lead Arranger, Toronto Dominion (Texas), Inc., as Administrative Agent and BankBoston, N.A. and Morgan Stanley Senior Funding, Inc., as Co-Documentation Agents. Capitalized terms used but not otherwise defined in this certificate have the meanings given to such terms in the Credit and Guaranty Agreement.

3. The attached financial statements fairly present, in all material respects, the financial condition of the Company and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit and normal year-end adjustments.

Allegiance Telecom, Inc.
By:______________________
Name: G. Clay Myers, Senior Vice President of Finance
and Accounting

TD 1022

Tom Lord
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